

August 2002

DRS

Employer Handbook



**An Employer's Guide to the
Washington Retirement Systems**

INTRODUCTION

The Department of Retirement Systems (DRS) is pleased to introduce the January 1999 edition of the *DRS Employer Handbook: An Employer's Guide to the Washington Retirement Systems*.

Relying on the suggestions of employers and reviewers, we have enhanced the existing material and added new information since the handbook's original publication in 1993. The changes include expanded information about membership eligibility and automated transmittal reporting. The handbook also provides new information for Teachers Retirement System (TRS) Plan 3, Reportable Compensation and the Deferred Compensation Program.

Because the information you provide will ultimately be used to determine member retirement benefits, it is important for employers to understand the various DRS reporting requirements. This handbook provides the necessary information and instructions to enable employers to report timely and accurate member data to DRS.

We encourage you to make this handbook available to those who have the responsibility for enrolling members into the retirement system or submitting member retirement data to DRS through the monthly transmittal process. Periodic updates will continue to be sent to you to keep the *DRS Employer Handbook* current.

If you have any questions or suggestions regarding the handbook, please contact Employer Support Services at (360) 664-7200 or 1-800-547-6657.

John F. Charles
Director

Preface

Acronyms

Acronyms are abbreviations constructed from the first letters of the words of a phrase or group of words. The following list includes acronyms frequently used in your Employer Handbook, and that are commonly used at DRS.

Accounts Receivable	AR
Average Final Compensation	AFC
Bulletin Board System	BBS
Center for Information Services	CIS
Contribution Transmittal	CT
Deferred Compensation Program	DCP
Defined Benefit Record	DBR
Department of Information Services	DIS
Department of Retirement Systems	DRS
Electronic Fund Transfer	EFT
Employer Support Services	ESS
File Transfer Protocol	FTP
Final Average Salary	FAS
Higher Education Retirement Plan	HERP
Human Resource Information System Division	HRISD
Journal Voucher	JV
Judges' Retirement Fund	JRF
Judicial Retirement System	JRS
Law Enforcement Officers' & Fire Fighters' Retirement System	LEOFF
Minimum Medical & Health Standards	MMHS
Multiple Record Layout	MRL
Office of Financial Management	OFM
Public Employees' Retirement System	PERS
Revised Code of Washington	RCW
Receivables Management System	RMS
Self-Directed Investment Program	SELF
Single Record Layout	SRL
State-wide City Employees' Retirement System	SCERS
"Time, Responsibility, or Incentives"	TRI
Teachers' Insurance & Annuity Association/College Retirement Equity Fund	TIAA/CREF
Teachers' Retirement System	TRS
Third Party Administrator	TPA

Transmittal Correction _____ TC
Washington Administrative Code _____ WAC
Washington State Investment Board _____ WSIB
Washington State Patrol Retirement System _____ WSPRS

CONTENTS

CHAPTER 1: OVERVIEW	1—1
Chapter Overview	1—1
The DRS Employer Handbook	1—1
Organization of the Handbook	1—1
Color-Coding of the Handbook Pages	1—2
Use of the Handbook	1—2
The Washington State Retirement Systems	1—3
The Public Employees' Retirement System (PERS)	1—4
The School Employees' Retirement System	1—5
The Teachers' Retirement System (TRS)	1—6
Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)	1—7
The Washington State Patrol Retirement System (WSPRS)	1—7
The Judges' Retirement Fund (JRF)	1—7
The Judicial Retirement System (JRS)	1—8
The Department of Retirement Systems	1—8
Creation of DRS	1—8
Duties of DRS	1—9
Important Dates	1—10
The Employer Community	1—9
CHAPTER 2: MEMBERSHIP	2—1
Chapter Overview	2—1
Membership and the Employee	2—2
Membership and the Employer	2—2
Steps in Evaluating Membership	2—3
PERS MEMBERSHIP	2—1 PERS
A Summary	2—1 PERS
Employer Responsibilities	2—1 PERS
PERS Plan 1, Plan 2 and Plan 3 Membership Rules	2—2 PERS
Employees in Eligible Positions Can Be Members	2—2 PERS
Exceptions to Position Eligibility	2—3 PERS
Employees in Ineligible Positions Cannot Be Members	2—4 PERS
Employees Working in More than One PERS-Covered Position	2—4 PERS
Employees Working in Educational Staff Associate Positions	2—5 PERS
Employees Working in More than One Position	2—6 PERS
PERS Members	2—7 PERS
Neither TRS nor PERS Member	2—7 PERS
PERS or LEOFF Members	2—8 PERS

CONTENTS (continued)

PERS Disability Retirees	2—8 PERS
PERS and SERS	2—8 PERS
Exemptions for Persons Employed in PERS Eligible Positions	2—9 PERS
Membership is Optional for Elected and Governor-Appointed Officials	2—9 PERS
Current or Former PERS Members	2—9 PERS
New Members	2—9 PERS
Current or Prospective Members of Higher Education Retirement Plans are Exempted from PERS	2—9 PERS
Independent Contractors Exempted from PERS	2—10 PERS
Membership in Another Retirement System May Exempt a Person from PERS	2—11 PERS
Simultaneous Membership	2—11 PERS
Consecutive Membership	2—11 PERS
Professional Services	2—12 PERS
PERS Retirees are Exempted from Membership	2—12 PERS
Questions and Answers	2—13 PERS
Questions Relating to Eligible Positions	2—13 PERS
Questions Relating to Retirees	2—14 PERS
Questions Relating to Temporaries or Classified Substitutes	2—15 PERS
Questions Relating to Elected or Governor-Appointed Officials	2—15 PERS
Definitions	2—17 PERS
Membership Rules for Prior Periods	2—19 PERS
SERS MEMBERSHIP	2—1 SERS
A Summary	2—1 SERS
Employer Responsibilities	2—1 SERS
SERS Plan 2 and Plan 3 Membership Rules	2—3 SERS
Employees in Eligible Positions can be Members	2—2 SERS
Employees in Ineligible Positions cannot be Members	2—3 SERS
Exceptions to Position Eligibility	2—4 SERS
Employees Working in Educational Staff Associate Positions	2—4 SERS
Employees Working in More than One Position	2—6 SERS
Employees Working in More than One Position	2—6 SERS
Employees Working in More than One Position	2—6 SERS
Exemptions for Persons Employed in SERS Eligible Positions	2—9 SERS
SERS Retirees are Exempted from Service	2—11 SERS
Professional Services	2—11 SERS
Questions and Answers	2—12 SERS
Definitions	2—15 SERS
Membership Rules for Prior Periods	2—19 SERS

CONTENTS (continued)

TRS MEMBERSHIP	2—1 TRS
A Summary	2—1 TRS
Employer Responsibilities	2—1 TRS
TRS Membership Qualifications	2—2 TRS
TRS Plan 1 Membership Rules	2—4 TRS
Plan 1 Member or Former Plan 1 Member	2—4 TRS
Plan 1 Substitute Teachers	2—5 TRS
Plan 1 Retirees	2—5 TRS
Plan 1 Teachers Elected to Statewide Office	2—6 TRS
Plan 1 Teachers Working in More than One Position	2—6 TRS
TRS Plan 2 and Plan 3 Membership Rules	2—8 TRS
TRS Plan 2 and Plan 3 Teachers in Eligible Positions	2—8 TRS
TRS Plan 2 and Plan 3 Teachers in Ineligible Positions	2—9 TRS
TRS Plan 2 and Plan 3 Teachers Working in More than One Position	2—10 TRS
TRS Plan 2 or Plan 3 Teachers Elected to Statewide Office	2—12 TRS
Questions and Answers	2—13 TRS
Questions Relating to Eligible Positions	2—13 TRS
Questions Relating to TRS Members in Higher Education	2—14 TRS
Definitions	2—15 TRS
LEOFF MEMBERSHIP	2—1 LEOFF
A Summary	2—1 LEOFF
Employer Responsibilities	2—1 LEOFF
LEOFF Plan 1 and Plan 2 Membership Rules	2—2 LEOFF
Establishing LEOFF Membership—Law Enforcement Officers	2—2 LEOFF
Establishing LEOFF Membership—Fire Fighters	2—5 LEOFF
Minimum Medical and Health Standards	2—7 LEOFF
Less Than Full time Law Enforcement Officers or Fire Fighters	2—8 LEOFF
Reemployed LEOFF Retirees	2—8 LEOFF
Questions and Answers	2—9 LEOFF
Questions relating to the minimum medical and health standards	2—9 LEOFF
Questions relating to eligibility for membership	2—9 LEOFF
Definitions	2—11 LEOFF
JRS MEMBERSHIP	JRS 2—1 JRS
A Summary	2—1 JRS
Membership Rules	2—1 JRS
For Periods on or After July 1, 1988	2—1 JRS
For Periods Prior to July 1, 1988	2—1 JRS
JRS Retirees	2—2 JRS
WSPRS MEMBERSHIP	2—1 WSPRS

CONTENTS (continued)

Membership Rules	2—1 WSPRS
CHAPTER 3: SERVICE CREDIT	3—1
Chapter Overview	3—1
What is Service Credit	3—1
The Importance of Service Credit	3—1
Examples of Retirement Benefit Calculations	3—2
The Importance of Service Credit in Prior Periods	3—3
How is Service Credit Earned	3—3
Service Credit for Certain Types of Leaves	3—3
Service Credit Reported on Member's Annual Statement	3—4
PERS SERVICE CREDIT	3—1 PERS
A Summary	3—1 PERS
Service Credit Rules (except for Elected Officials)	3—1 PERS
September 1, 1991, and After	3—1 PERS
Prior to September 1, 1991	3—2 PERS
Service Credit Rules for Elected Officials	3—3 PERS
September 1, 1991, and After	3—3 PERS
Rules prior to September 1, 1991	3—5 PERS
Service Credit and Contributions	3—7 PERS
September 1, 1991, and After	3—7 PERS
January 1, 1987, through August 31, 1991	3—7 PERS
Prior to January 1, 1987	3—7 PERS
PERS EDUCATION SERVICE CREDIT	3—1 PERS ED
A Summary	3—1 PERS ED
Service Credit Rules	3—1 PERS ED
September 1, 1991, and After	3—1 PERS ED
September 1, 1990, through August 31, 1991	3—3 PERS ED
Prior to September 1, 1990	3—4 PERS ED
Exceptions for Periods Prior to September 1, 1990	3—6 PERS ED
School District Employees	3—6 PERS ED
Contract Year Other Than September 1—August 31	3—6 PERS ED
Employees of Educational Service Districts	3—6 PERS ED
Service Credit and Contributions	3—7 PERS ED
September 1, 1991, and After	3—7 PERS ED
January 1, 1987, through August 31, 1991	3—7 PERS ED
Prior to January 1, 1987	3—7 PERS ED
SERS SERVICE CREDIT	3—1 SERS

CONTENTS (continued)

Service Credit Rules (except for Elected Officials)	3—1 SERS
September 1, 1991, and After	3—1 SERS
September 1, 1990, through August 31, 1991	3—2 SERS
Prior to September 1, 1990	3—3 SERS
 Service Credit and Contributions	 3—5 SERS
September 1, 1991, and After	3—5 SERS
September 1, 1990, through August 31, 1991	3—5 SERS
Prior to September 1, 1990	3—5 SERS
 TRS SERVICE CREDIT	 3—1 TRS
A Summary	3—1 TRS
 Service Credit Rules	 3—1 TRS
Plan 1—All Periods	3—1 TRS
Plan 2 or Plan 3—September 1, 1991, and After	3—1 TRS
Plan 2 or Plan 3—Prior to September 1, 1991	3—2 TRS
 Service Credit and Contributions	 3—3 TRS
Plan 1—All Earning Periods	3—3 TRS
Plan 2 and Plan 3—September 1, 1991, forward	3—3 TRS
 Purchasing Optional Service Credit	 3—4 TRS
TRS—A Table of Service Credit Rules	3—5 TRS
 LEOFF SERVICE CREDIT	 3—1 LEOFF
A Summary	3—1 LEOFF
 Service Credit and Contributions	 3—1 LEOFF
Plan 1—All periods	3—1 LEOFF
Plan 2—September 1, 1991, and After	3—1 LEOFF
Previous rules	3—2 LEOFF
 Optional Service Credit	 3—2 LEOFF
 JRS AND JRF SERVICE CREDIT	 3—1 JRS AND JRF
Judicial Retirement System	3—1 JRS
Judges' Retirement Fund	3—1 JRF
 WSPRS SERVICE CREDIT	 3—1 WSPRS
Service Credit and Contributions	3—1 WSPRS
Optional Service Credit	3—1 WSPRS
 CHAPTER 4: REPORTABLE COMPENSATION	 4—1

CONTENTS (continued)

Chapter Overview	4—1
What is Reportable Compensation?	4—1
The Importance of Reportable Compensation	4—2
PERS REPORTABLE COMPENSATION	4—1 PERS
A Summary	4—1 PERS
What is Reportable Compensation?	4—1 PERS
Reportable Compensation is Based upon the Nature of the Payment	4—1 PERS
What Payments Qualify as Reportable Compensation?	4—2 PERS
Sick, Annual and Personal Leave Usage	4—6 PERS
Payments not Considered Reportable Compensation	4—7 PERS
Establishing Service Credit for Periods of Unpaid Leave	4—9 PERS
Nonmoney Maintenance Compensation—PERS Plan 1	4—9 PERS
Excess Compensation	4—10 PERS
Reportable Compensation Table	4—12 PERS
SERS REPORTABLE COMPENSATION	4—1 SERS
A Summary	4—1 SERS
Reportable Compensation Table	4—2 SERS
TRS REPORTABLE COMPENSATION	4—1 TRS
A Summary	4—1 TRS
What is Reportable Compensation?	4—1 TRS
Reportable Compensation is Based upon the Nature of the Payment	4—1 TRS
What Payments Qualify as Reportable Compensation?	4—2 TRS
Sick, Annual and Personal Leave Usage	4—5 TRS
Payments not Considered Reportable Compensation	4—6 TRS
Nonmoney Maintenance Compensation	4—8 TRS
Excess Compensation	4—8 TRS
Reportable Compensation Table	4—10 TRS
LEOFF REPORTABLE COMPENSATION	4—1 LEOFF
A Summary	4—1 LEOFF
What is Reportable Compensation?	4—1 LEOFF
Basic Salary Differs between Plans	4—1 LEOFF
Reportable Compensation is Based upon the Nature of the Payment	4—3 LEOFF

CONTENTS (continued)

Reportable Compensation for LEOFF Plan 1	4—3 LEOFF
Reportable Compensation for LEOFF Plan 2:	4—5 LEOFF
Payments that are not Considered Reportable Compensation	4—8 LEOFF
Reportable Compensation Table	4—12 LEOFF
WSPRS REPORTABLE COMPENSATION	4—1 WSPRS
CHAPTER 5: SPECIAL CONDITIONS	5—1
Chapter Overview	5—1
Special Conditions in Reporting	5—1
Need Help?	5—2
EMPLOYING RETIREES	5—3
A Summary	5—3
Employer Responsibilities	5—3
Retirement Status Form	5—3
Reporting Retirees Returning to Work	5—3
Service and Disability Retirees	5—4
PERS Plan 1 Retirees	5—5
TRS Plan 1 Retirees	5—6
PERS, SERS or TRS Plans 2 and 3 Retirees	5—7
LEOFF Retirees or Retirees in LEOFF-Covered Positions	5—8
WSPRS Retirees or Retirees in WSPRS-Covered Positions	5—9
Retirees in JRS-Covered Positions	5—10
Personal Services Contracts	5—11
Membership for Retirees—A Summary Chart	5—12
REPORTING DEFERRED PAYMENTS OF EMPLOYEE COMPENSATION	5—13
A Summary	5—13
Procedures for Reporting Deferred Payments	5—13
Which Employees must be Considered	5—13
How to Determine the Deferred Amounts	5—14
How to Report the Deferred Amounts	5—16
Points to Remember	5—20

CONTENTS (continued)

QUARTERLY REPORTING TO SUBSTITUTE TEACHERS	5—21
A Summary	5—21
Definition of a Substitute Teacher	5—21
Determining the Reporting Method	5—22
The Quarterly Report	5—23
What to Include on the Quarterly Report	5—23
When to Provide the Quarterly Report	5—24
What the Quarterly Report Should Look Like	5—24
How the Quarterly Report is Used	5—26
 REPORTING IN HIGHER EDUCATION	 5—27
A Summary	5—27
Retirement Options for PERS or TRS Members	5—28
Active PERS or TRS Members	5—28
Former PERS or TRS Members	5—29
Reporting Retirees	5—29
 CHAPTER 6: CONTRIBUTIONS	 6—1
Chapter Overview	6—1
Retirement Contributions	6—2
How Contributions Fund the Retirement System	6—2
How Contribution Rates Are Established	6—2
Contributions and Retirement Benefits	6—3
Reportable Compensation	6—3
Nontaxed Contributions and Employers	6—3
Mandatory versus Optional Participation	6—3
Employer Liability	6—4
Establishing Nontaxed Status	6—4
Nontaxed Contributions and Members	6—5
Contributions and Federal Income Tax	6—6
Contributions and Federal Withholding Tax in Prior Periods	6—7
Procedures for Reporting and Paying Contributions	6—7
Calculating Member Contributions	6—8
Reporting Member Contributions	6—8
Calculating Employer Contributions	6—9
Reporting Employer Contributions	6—10
Paying the Total Contributions	6—10

CONTENTS (continued)

CONTRIBUTION RATE TABLES	6—13
CHAPTER 7: TRANSMITTAL CODES	7—1
Chapter Overview	7—1
Transmittal Codes	7—1
STATUS CODES	7—3
Using Status Codes	7—3
Codes for Current Reporting	7—3
A For Reporting a Member's Regular Service	7—3
B For Reporting a Member on Unpaid Leave	7—4
E For Reporting a LEOFF 1 Member on Disability Leave	7—6
F For Reporting a TRS Member on Paid Sabbatical Leave	7—7
G For Reporting a TRS 1 Member Working Part time	7—8
M For Reporting a Member's Lump Sum Payments	7—9
S For Reporting a Member Separated from Service	7—10
Using Cash Out Codes	7—11
Before Using a Cash out Code	7—11
Using a Cash Out Code	7—11
Codes for Reporting Cash Outs	7—13
N Reporting Vacation Leave Cash Outs (Non-Retiree)	7—13
P For Reporting Sick Leave Cash Outs (Non-Retiree)	7—13
R For Reporting Other Cash Out Payments (Non-Retiree)	7—13
T For Reporting Vacation Leave Cash Outs (Retiree)	7—13
U For Reporting Excess Vacation Leave Cash Outs (Retiree)	7—14
V For Reporting Vacation Leave Cash Outs (Retiree)	7—14
W For Reporting Sick Leave Cash Outs (Retiree)	7—14
X For Reporting Sick Leave Cash Outs (Retiree)	7—14
Y For Reporting Other Cash Out Payments (Retiree)	7—15
Codes Used for Prior Periods	7—16
C For Reporting PERS School District Members	7—16
D For Reporting PERS Higher Education Members	7—16
H For Reporting TRS Substitute Teachers	7—16
J For Reporting Member Name Changes	7—17
K For Reporting Taxed Member Contributions	7—17
L For Reporting Members Who Did Not Earn Service Credit	7—17
Q For Reporting Certain PERS 2 Elected Officials	7—17
Status Codes—A Summary Chart	7—19
TYPE CODES	7—23
Type Code Definitions	7—23
PERS Codes	7—23
Elected Officials	7—23
Education Employees	7—23

CONTENTS (continued)

Governor-Appointed Officials:	7—24
SERS Codes	7—24
LEOFF Codes	7—24
WSPRS/JRS Codes	7—25
TRS Codes	7—25
CHAPTER 8: TRANSMITTAL REPORTING	8—1
Chapter Overview	8—1
Changes to Current Reporting Requirements	8—1
Additional Changes	8—2
Reporting to DRS	8—3
Retirement Systems	8—3
Deferred Compensation Program	8—3
A Summary of the Reporting Process	8—4
Retirement Systems	8—4
Deferred Compensation Program	8—4
Starting your Reporting	8—4
Submitting the Transmittal Report	8—4
When to Report Information	8—5
Deferred Compensation Program	8—5
Retirement Systems	8—5
MAKING CORRECTIONS TO THE TRANSMITTAL REPORT	8—9
Corrections on your Regular Report	8—9
Deferred Compensation Program	8—9
Retirement Systems	8—9
Reverse and Reenter Method for Manual Reporting	8—11
Reverse and Reenter for Automated Reporting	8—11
Adding/Subtracting for Automated Reporting	8—12
Corrections using the Transmittal Corrections Form	8—13
Reverse and Reenter Method for TC	8—13
Adding/Subtracting Method for TC	8—13
MULTIPLE RECORD LAYOUT AUTOMATED REPORTING	8—15
Procedures for Multiple Record Layout Reporting	8—15
Adding an Employee to the Transmittal	8—15
Completing the First Transmittal Report	8—16
Reporting a Member Transferring to Plan 3	8—19
Reporting a Member Choosing PERS Plan 2 or PERS Plan 3	8—20
Transmittal Reporting	8—22
Separating Employees from the Transmittal Report	8—22
Terminating DCP Participation	8—22

CONTENTS (continued)

Name and Address Changes	8—22
SINGLE RECORD LAYOUT AUTOMATED REPORTING	8—25
Procedures for SRL Reporting	8—25
Adding an Employee to the Regular Transmittal Report	8—25
Completing the First Transmittal Report for a New Employee	8—26
Reporting Additional Transaction Records	8—27
Separating an Employee	8—27
TECHNICAL REQUIREMENTS	8—29
Overview	8—29
The Multiple Record Layout	8—30
What the MRL Looks Like	8—30
Record Types of the Multiple Record Layout	8—31
Record Structure of the Multiple Record Layout	8—32
The Summary Record	8—33
Summary Record Use	8—33
Summary Record Layout	8—33
The Member Profile Record	8—34
Member Profile Record Use	8—34
Member Profile Record Layout	8—34
The Employment Information Record	8—35
Employment Information Record Use	8—35
Employment Information Record Layout	8—35
The Defined Benefit Record	8—36
Defined Benefit Record Use (Not Applicable for DCP)	8—36
Defined Benefit Record Layout	8—36
The Defined Contribution Record	8—37
Defined Contribution Record Use	8—37
Defined Contribution Record Layout	8—37
The Plan Choice Record	8—38
Plan Choice Record Use (Not Applicable for DCP)	8—38
Plan Choice Record Layout	8—38
The Single Record Layout	8—39
What the SRL Looks Like	8—39
Record Types of the Single Record Layout	8—40
Record Structure of the Single Record Layout	8—41
The Summary Record	8—42
Summary Record Use	8—42
Summary Record Layout	8—42

CONTENTS (continued)

The Benefit Record	8—43
Benefit Record Use	8—43
Benefit Record Layout	8—43
Choose From Three Data Format Options	8—44
Choose From Two Reporting Media Options	8—44
Electronic Reporting Choices	8—44
Creating an ASCII Format Report Using a Spreadsheet	8—45
Points for use in creating a spreadsheet	8—45
MRL ASCII Tab Delimited Format - Using a Spreadsheet - TRS Report	8—46
MRL ASCII Tab Delimited Format - Using a Spreadsheet - DCP Report	8—47
SRL ASCII Tab Delimited Format - Using a Spreadsheet - PERS	8—48
Reporting Via FTP	8—49
How to Report Via FTP	8—49
What You Can Report Via FTP	8—49
What You Will Need	8—49
Advantages of FTP Reporting	8—49
Getting Started with FTP Reporting	8—49
Reporting by Diskette	8—52
How to Report by Diskette	8—52
What You Can Report by Diskette	8—52
What You Will Need	8—52
Advantages of Reporting by Diskette	8—52
How To Start Reporting via a Diskette	8—52
Reporting via Dataset	8—56
What You Can Report via Dataset	8—56
What You Will Need	8—56
Advantages of Dataset Reporting	8—56
Getting Started with Dataset Reporting	8—57
Field Descriptions	8—59
EDIT REQUIREMENTS BY FIELD	8—70
General Information	8—70
DRS Transmittal System Edits by Field	8—70
Address Change Flag	8—70
Address Lines	8—70
Begin Date /Eligibility Start Date	8—70
Birth Date	8—71
City	8—71
Compensation (Does not apply to DCP reporting)	8—71
Control Number (Does not apply to DCP reporting)	8—71
Days (Does not apply to DCP reporting)	8—71
Defined Benefit Member Contribution (Does not apply to DCP reporting)	8—72
Defined Contributions/Deferrals	8—72
Disability Leave/End Date (Does not apply to DCP reporting)	8—72
Disability Leave/Start Date (Does not apply to DCP reporting)	8—72
Earning Period (Does not apply to DCP reporting)	8—73

CONTENTS (continued)

Employer Contributions (Does not apply to DCP reporting)	8—74
End Date/Eligibility End Date	8—74
Expected Monthly Reports	8—74
Gender Code	8—75
Hours (Does not apply to DCP reporting)	8—75
Hours or Days (Does not apply to DCP reporting)	8—75
Investment Program (Does not apply to DCP reporting)	8—75
Member Contributions (Does not apply to DCP reporting)	8—76
Member/Participant Name Change Flag (Does not apply to DCP reporting)	8—76
Member/Participant Name Change Ext (Does not apply to DCP reporting)	8—76
Member /Participant Name—Last, First, Middle	8—76
Member/Participant Name Suffix	8—76
Member/Participant Name Title	8—76
Organization Display (Does not apply to DCP reporting)	8—76
Plan Code	8—77
Rate Option (Does not apply to DCP reporting)	8—77
Record Sequence Number (Does not apply to DCP reporting)	8—78
Record Type Identifier	8—78
Report Type	8—78
Report Version Number	8—78
Reporting Group Number	8—78
Reporting Period	8—78
Social Security Number	8—79
State	8—79
Status Code	8—79
System Code	8—82
Tax/Non-tax (Does not apply to DCP reporting)	8—82
Total Compensation (Does not apply to DCP reporting)	8—82
Total Days (Does not apply to DCP reporting)	8—82
Total Employer Contributions (Does not apply to DCP reporting)	8—82
Total Hours (Does not apply to DCP reporting)	8—82
Total Hours/Days (Does not apply to DCP reporting)	8—82
Total Member Contributions/Deferrals	8—83
Total Records Reported	8—83
Transfer Date	8—83
Type Code (Does not apply to DCP reporting)	8—83
Zip Code	8—83
Zip Extension	8—83
MANUAL (PAPER) REPORTING	8—84
Required Information	8—84
Header Section	8—84
Member Information	8—85
Earnings Information	8—87
Page, Plan, and System Totals	8—84
Procedures for Manual (Paper) Reporting	8—90
General Procedures	8—90
Adding an Employee to the Prelist	8—91
Changing Member Information	8—93
Changing Earnings Information	8—93
Adjusting Page, Plan, and System Totals	8—94
Separating an Employee	8—95

CONTENTS (continued)

SEQUENCING INFORMATION	8—99
How to Determine Sequencing	8—99
Specifications for Members' Annual Statements Employee Control Number Sequence	8—99
Using Magnetic Tape	8—99
Using a Diskette	8—100
 CHAPTER 9: TRANSMITTAL EDIT REPORTS 9—1	
Chapter Overview	9—1
Understanding How DRS Edits Transmittal Data	9—1
Types of Errors	9—2
Deficiency Charges	9—3
Using the Transmittal Edit Report	9—4
Banner Page	9—4
Sample: Banner Page	9—5
Transmittal Edit Messages	9—6
Sample: Multiple Record Layout Transmittal Edit Messages	9—7
Sample: Single Record Layout Transmittal Edit Messages	9—9
Members with 90 Days to Choose Plan	9—10
Sample: Members with 90 Days to Choose Plan Report	9—11
Transmittal Reconciliation Information	9—12
Sample: Transmittal Reconciliation Information	9—13
Linking the Transmittal Report to Your Account	9—14
Using the Transmittal Correction Report	9—15
Submitting Correction Reports by Electronic Methods	9—15
Using the Paper Transmittal Correction Form	9—16
Sample: Using the Paper Transmittal Correction Report	9—18
Linking the Correction Report to Your Account	9—19
 CHAPTER 10: ACCOUNT ACTIVITY	10—1
Chapter Overview	10—1
What is a Receivable?	10—1
General Information	10—1
Organization Number	10—2
Unique Invoice Numbers	10—2
Interest Charges	10—2
Payments	10—3
Open Item Receivables	10—3
The Accounts Activity Process	10—4
Creating the Statement of Account Activity	10—4
The Importance of the Statement	10—5
Dates to Remember	10—5
 YOUR STATEMENT OF ACCOUNT ACTIVITY	10—7
A Summary	10—7

CONTENTS (continued)

Information Displayed on Your Statement	10—8
Statement Column Headings	10—8
General Invoice Information	10—10
Invoice Types	10—10
AA—Audit Adjustment	10—10
AB—Arrears Billing	10—10
CP—Copy Expense	10—10
CR—Savings Recovery	10—10
CT—Contribution Transmittal	10—11
DC—Member Contributions	10—11
EB—Employer Billing	10—11
EC—Employer Correction	10—11
EN—New Agency	10—11
EO—Employer Overpayment	10—11
EW—Employer Write-off	10—11
MS—Miscellaneous	10—11
OS—Optional Service	10—11
PA—Penalty Assessment (Transmittal Deficiencies)	10—11
PS—Prior Service	10—12
SC—SCERS	10—12
XC—Excess Compensation	10—12
Procedures for Working with the Statement	10—12
General Information	10—12
Reviewing the Statement Each Month	10—12
Reconciling Each Receivable	10—13
Submitting the Payment Advice Form	10—14
Submitting the Credit Redistribution Form	10—15
Keeping Accounts in Balance—Plan Changes	10—15
Keeping Receivables in Balance—Non-taxed Recalculations	10—17
Keeping Receivables in Balance—Taxed Contributions	10—18
Examples of Statements of Account Activity	10—19
EMPLOYER INVOICES	10—27
A Summary	10—27
The Employer Invoice for Adjustments to Members Accounts	10—27
General Information	10—27
Responding to All Types of Invoices	10—28
Points to Remember	10—28
The Excess Compensation Benefit Invoice	10—30
General Information	10—30
The Transmittal Deficiency Invoice	10—32
Contesting Transmittal Deficiency Charges	10—32
CHAPTER 11: DEFERRED COMPENSATION	11—1
General Information	11—1

CONTENTS (continued)

Employer Participation in DCP	11—1
Employee Enrollment	11—1
Sample: DCP Participation Agreement	11—3
Deferrals from Annual and/or Sick Leave Cash Out Payments	11—4
State Agencies	11—4
Political Subdivisions and Higher Education Institutions	11—4
Political Subdivision Reporting	11—5
Banner Page	11—5
Deferral Change Report	11—5
Payment Requirements	11—5
DCP Transmittal Report Packet	11—5
Sample: Banner Page	11—7
Sample: DCP Deferral Amount Change Report	11—8
Sample: DCP Payment Advice	11—9
Sample: DCP Transmittal Report	11—10
Sample: DCP Transmittal Report	11—11
Form W-2 Requirements	11—12
Name/Address Changes for DCP Quarterly Statements	11—12
Questions?	11—12
 DCP MANUAL (PAPER) TRANSMITTAL REPORTING	
Required Information	11—13
Header Section	11—13
Participant Information	11—14
Deferral Information	11—15
Page and System Totals	11—15
Procedures for DCP Manual (Paper) Reporting	11—16
General Procedures	11—16
Changing Participant Information	11—16
Correction to the Deferral Amount	11—16
Adjusting Page and System Totals	11—17
Separating Employees from the Transmittal Report	11—17
New DCP Participants are listed on the DCP Deferral Amount Change Report	11—18
 CHAPTER 12: FORMS	12—1
Summary	12—1
Forms Available on the Web site (Listed alphabetically)	12—1
Authorization for Direct Deposit	
Beneficiary Designation	
Beneficiary Designation for LEOFF and WSPRS Members	
Beneficiary Designation for LEOFF and WSPRS Retirees	
Change of Investment	
Credit Redistribution	
Enrollment Form	
Final Compensation Report	
Member Information Form	

CONTENTS (continued)

Name/Address Change
Payment Advice
Plan 3 Payment Advice
Position Eligibility Worksheet
Prelist Supplement
Proof of Earnable Compensation
Retiree Returning to Work Report
Retirement Status Form
TRS Plan 1 Retiree Returning to Work Report

Other Examples of Forms not on the Web Site 12—2

Transmittal Correction Form
TRS Plan 3 Transmittal Correction Form
Verification of Employment

Mailing Completed Forms 12—3

Questions? 12—3

Need Additional Forms? 12—3

Chapter 1: Overview

Chapter Overview

This chapter provides information about:

- The DRS Employer Handbook
- The Washington State retirement systems
- The Department of Retirement Systems
- The Deferred Compensation Program
- The employer community

The DRS Employer Handbook

The Department of Retirement Systems has created this handbook as a vehicle to provide current and accurate information to the employer community about retirement reporting.

Organization of the Handbook

The handbook contains 14 chapters, with information presented by subject area. Each chapter includes a detailed table of contents and a brief summary of the information in the chapter. The chapters are listed below.

Chapter 1	—	Overview
Chapter 2	—	Membership
Chapter 3	—	Service Credit
Chapter 4	—	Reportable Compensation
Chapter 5	—	Special Conditions
Chapter 6	—	Contributions
Chapter 7	—	Transmittal Codes
Chapter 8	—	Transmittal Reporting
Chapter 9	—	Transmittal Edit Reports
Chapter 10	—	Account Activity
Chapter 11	—	Deferred Compensation
Chapter 12	—	Forms
Chapter 13	—	References
Chapter 14	—	DRS Notices

Reference materials are at the back of the handbook. These materials include a glossary of DRS terms, a DRS telephone list and other resource information. Tabs are provided for each chapter and for the reference materials. A special tab is provided for DRS Notices to be stored in the handbook.

Color-Coding of the Handbook Pages

Most chapters contain information that is common to all employers. Chapters 2, 3 and 4 provide information that applies to specific retirement systems. Color-coded pages help identify this system-specific information. The following color-coding is used:

—White pages	General information (applies to all)
—Green pages	PERS information
—Pink pages	SERS information
—Purple pages	TRS information
—Blue pages	LEOFF information
—Grey pages	WSPRS information
—Buff pages	JRS information

Page numbers on these colored pages include a suffix to indicate that the information applies only to a specific system. For example, a green page with the page number “3—7 PERS” contains information from Chapter 3 that applies to PERS employers. A white page with the page number “6—5” contains information from Chapter 6 that applies to all employers.

Use of the Handbook

The *DRS Employer Handbook* is your resource for information about DRS and retirement system reporting. If you need additional information or information about topics not covered in this handbook, please call DRS for assistance.

The Washington State Retirement Systems

Over the years, the Washington State Legislature has passed legislation to provide retirement coverage to state employees, city and county employees, teachers, classified employees of educational institutions, state patrol officers, law enforcement officers, fire fighters and others. This retirement coverage is provided by seven separate retirement systems administered by DRS. Three of these retirement systems have two retirement plans. Two retirement systems have three retirement plans.

The retirement systems and plans and the applicable laws contained in the Revised Code of Washington (RCW) are:

- Public Employees' Retirement System (PERS) Plan 1 and Plan 2 (Chapter 41.40 RCW)
- Public Employees' Retirement System (PERS) Plan 3 (Chapter 41.34 RCW)
- School Employees' Retirement System (SERS) Plan 2 (Chapter 41.35 RCW)
- School Employees' Retirement System (SERS) Plan 3 (Chapter 41.35 RCW and Chapter RCW 41.34)
- Teachers' Retirement System (TRS) Plan 1 and Plan 2 (Chapter 41.32 RCW)
- Teachers' Retirement System (TRS) Plan 3 (Chapter 41.32 RCW and Chapter 41.34 RCW)
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1 and Plan 2 (Chapter 41.26 RCW)
- Washington State Patrol Retirement System (WSPRS) Plan 1 and Plan 2 (Chapter 43.43 RCW)
- Judges' Retirement Fund (JRF) (Chapter 2.12 RCW)
- Judicial Retirement System (JRS) (Chapter 2.10 RCW)

The following pages summarize the main provisions of each of these retirement systems. This summary highlights the important distinctions between the systems but does not provide a complete description of each system's rules.

Member benefits are explained in member handbooks published by DRS. Handbooks are available for PERS, SERS, TRS, LEOFF, WSPRS and JRS members. For copies of these handbooks, please contact DRS Office

Services. The handbooks and DRS brochures on specific topics may also be viewed at the DRS Web site at <http://www.drs.wa.gov/employer>.

The Public Employees' Retirement System (PERS)

The Public Employees' Retirement System (PERS) was established by the Legislature in 1947. PERS Plan 1 was capped and individuals hired in eligible positions on or after October 1, 1977, become members of PERS Plan 2. On March 1, 2002, PERS Plan 3, Phase 1, was initiated, followed by Phase 2 on September 1, 2002. Plan 3 is optional and new members must choose either Plan 2 or Plan 3 within 90 days.

Members who have completed five years of eligible service are able to receive a retirement allowance when qualified for retirement. System members include: elected officials; state employees; elected or appointed judges of the Supreme, Appeals and Superior Courts (other than judges currently in JRS); employees of legislative committees; certain employees of community colleges, technical colleges, and universities; judges of district and municipal courts; noncertificated employees of school districts; employees of local government and other eligible employees.

Plan 1 members are eligible to retire at any age with 30 years of service, at age 60 with five years of service or at age 55 with 25 years of service. Plan 1 provides disability and survivor benefits.

Plan 2 members can retire at age 65 with five years of service or at age 55 with 20 years of service. Retirement benefits for members who retire before age 65 are actuarially reduced. Plan 2 provides disability and survivor benefits.

Plan 3 members have a two-component benefit structure: a defined benefit component and a defined contribution component. Members are eligible for the defined benefit component at age 65 if they have:

- ten service credit years; or
- five service credit years, including 12 service credit months after attaining age 54; or
- five service credit years by September 1, 2000, under Plan 2 and transferred to Plan 3.

Members are also eligible for the defined benefit component at or after age 55 if they have at least ten service credit years. Retirement benefits for members who retire before age 65 are actuarially reduced. Plan 3 provides disability and survivor benefits. Members who separate from employment, at or before the defined benefit eligibility date, have immediate access to the defined contribution component.

The School Employees' Retirement System (SERS)

The School Employees Retirement System (SERS) has two retirement plans that became effective September 1, 2000. Classified employees of school districts and educational service districts, who are members of the Public Employees' Retirement System (PERS) Plan 2, will automatically become members of SERS Plan 2. Eligible members will then have an option to transfer to SERS Plan 3.

SERS was established by the Legislature in 1998. Plan 2 was capped and individuals hired in eligible positions on or after September 1, 2000, become members of Plan 3. An individual establishes membership in the system by being employed as a classified employee of a school district or an educational service district.

The plans were established by the Legislature as follows:

- Plan 2—October 1, 1977
- Plan 3—September 1, 2000

Plan 2 members can retire at age 65 with five years of service or at age 55 with 20 years of service. Retirement benefits for members who retire before age 65 are actuarially reduced. Plan 2 provides disability and survivor benefits.

Plan 3 members have a two-component benefit structure: a defined benefit component and a defined contribution component. Members are eligible for the defined benefit component at age 65 if they have:

- ten service credit years; or
- five service credit years, including 12 service credit months after attaining age 54; or
- five service credit years by September 1, 2000, under Plan 2 and transferred to Plan 3.

Members are also eligible for the defined benefit component at or after age 55 if they have at least ten service credit years. Retirement benefits for members who retire before age 65 are actuarially reduced. Plan 3 provides disability and survivor benefits. Members who separate from employment, at or before the defined benefit eligibility date, have immediate access to the defined contribution component.

The Teachers' Retirement System (TRS)

The Teacher's Retirement System (TRS) has three retirement plans. TRS was established by the Legislature in 1938. TRS Plan 1 was capped and individuals hired in eligible positions from October 1, 1977, through June 30, 1996, became members of TRS Plan 2. TRS Plan 2 was capped and individuals hired in eligible positions on or after July 1, 1996, become members of TRS Plan 3. An individual establishes membership in the system by being employed as a teacher in the public schools. "Teacher" means any person who is qualified to teach and who is employed by a public school as an instructor, administrator or supervisor. "Teacher" includes:

- state, school district and educational service district superintendents and their assistants;
- state, school district and educational service district employees who are certificated by the Washington Superintendent of Public Instruction; and
- any full-time school doctor who is employed by a public school and who renders instructional or educational services.

The plans were established by the Legislature as follows:

- Plan 1—1938
- Plan 2—October 1, 1977
- Plan 3—July 1, 1996

Plan 1 members are eligible to retire at any age with 30 years of service, at age 60 with five years of service or at age 55 with 25 years of service. Plan 1 provides temporary disability benefits, disability retirement benefits and survivor benefits.

Plan 2 members can retire at age 65 with five years of service or at age 55 with 20 years of service. Retirement benefits for members who retire before age 65 are actuarially reduced. Plan 2 provides disability and survivor benefits.

Plan 3 members have a two-component benefit structure: a defined benefit component and a defined contribution component. Members are eligible for the defined benefit component at age 65 if they have:

- ten service credit years; or
- five service credit years, including 12 service credit months after attaining age 54; or
- five service credit years by July 1, 1996, under Plan 2 and transferred to Plan 3.

Members are also eligible for the defined benefit component at or after age 55 if they have at least ten service credit years. Retirement benefits for members who retire before age 65 are actuarially reduced. Plan 3 provides disability and survivor benefits. Members who separate from employment, at or before the defined benefit eligibility date, have immediate access to the defined contribution component.

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)

The Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1 was established by the Legislature in 1970. LEOFF Plan 1 was closed and eligible employees hired on or after October 1, 1977, become members of Plan 2.

Membership includes full-time, fully compensated law enforcement officers and fire fighters. Members who have completed five years of eligible service can receive a retirement allowance when qualified for retirement.

Plan 1 members are eligible to retire at age 50, provided they have at least five years of service. Plan 1 provides disability benefits, survivor benefits and medical benefits.

Plan 2 members are eligible to retire at age 53 with five years of service, or at age 50 with 20 years of service. Retirement benefits for members who retire before age 53 are actuarially reduced. Plan 2 provides disability and survivor benefits.

The Washington State Patrol Retirement System (WSPRS)

The Washington State Patrol Retirement System (WSPRS) Plan 1 was created by the Legislature in 1947. WSPRS Plan 1 was closed and eligible employees hired on or after January 1, 2003, become members of Plan 2. WSPRS provides retirement coverage to commissioned employees in the Washington State Patrol. Members are eligible to retire at any age with 25 or more years of service credit or at age 55 with no minimum required service credit. Members who are not in service (inactive) and under age 60 must have at least five years of service credit to be eligible for retirement. WSPRS provides survivor benefits to a member's spouse and children.

The Judges' Retirement Fund (JRF)

The Judges' Retirement Fund (JRF) was created by the Legislature in 1937 for judges appointed or elected to the Supreme Court, the Superior

Court or the Court of Appeals. When legislation created the Judicial Retirement System (JRS) on August 9, 1971, judges elected or appointed to office after that date were required to join JRS.

Members are eligible to receive a full retirement allowance at age 70 with ten years of credited service or at any age with 18 years of credited service. Members are eligible to receive a partial retirement allowance after 12 years of credited service as a judge. JRS provides disability and survivor benefits.

The Judicial Retirement System (JRS)

The Judicial Retirement System (JRS) was created in 1971 for judges elected or appointed to the Supreme Court, the Superior Court, or the Court of Appeals. The system was capped on July 1, 1988. At that time, current members were given an option to remain in JRS or transfer membership to PERS. Judges appointed or elected to office on or after July 1, 1988, may elect to join PERS if they meet eligibility requirements.

Members are eligible to receive a retirement benefit at age 60 with 15 years of credited service if service ends voluntarily. If service ends involuntarily, members are eligible to receive a retirement benefit after 12 years of service provided the member retires at least 15 years after beginning judicial service. JRS provides disability and survivor benefits to members.

The Department of Retirement Systems

Creation of DRS

The six Washington State retirement systems originally were housed in separate facilities and administered by separate boards. In 1976, to consolidate operations and to improve the overall administration of retirement system activities, the individual systems were brought together into a single agency—the Washington State Department of Retirement Systems. In 1996, the Legislature brought the Committee for Deferred Compensation under the administration of DRS. A director is appointed by the Governor to oversee the operation of DRS.

Duties of DRS

DRS administers the state retirement systems and the Deferred Compensation Program (DCP) in accordance with laws established by the Washington State Legislature. DRS is responsible for the recordkeeping, accounting and reporting of member accounts for the Judicial Retirement Account (JRA) which was established by the Legislature in 1988 for

judges elected or appointed to the Supreme Court, the Superior Court or the Court of Appeals. JRA is a supplement to the PERS retirement system. Judges that elect to join PERS are automatically enrolled in JRA.

DRS maintains a history of each member's retirement information from the date of entry into the system until his or her death, or in some instances, until the death of his or her beneficiary. An individual record may span as many as 80 years.

Important Dates

The following list provides a summary of the important dates in the history of the Washington State retirement systems and DRS.

1937	The Judges' Retirement Fund is created.
1938	The Teachers' Retirement System is created.
1947	The Public Employees' Retirement System and the Washington State Patrol Retirement System are created.
1970	The Law Enforcement Officers' and Fire Fighters' Retirement System is created.
1971	The Judicial Retirement System is created.
1976	The Department of Retirement Systems is created to administer the state's retirement systems. The Office of the State Actuary is created to provide pension cost estimates.
1977	Plan 2 for PERS, TRS and LEOFF is established.
1981	The State Investment Board is created to handle the investment of all state trust funds.
1987	The Joint Committee on Pension Policy is created.
1988	The Judicial Retirement Account is created.
1989	Pension Funding Reform is enacted requiring the full funding of pension benefit obligations and the adoption into law of actuarially established contribution rates.
1996	The administration of the Deferred Compensation is transferred to DRS.
1996	The Employee Retirement Benefits Board (ERBB) is established.
1996	Teachers' Retirement System Plan 3 is established.
2000	School Employees' Retirement System is established.
2002	Public Employees' Retirement System Plan 3 is established.
2003	Washington State Patrol Plan 2 is established.

The Employer Community

The employers who report retirement information to the Department of Retirement Systems are:

- State agencies
- School districts
- Educational service districts
- Community and technical colleges
- Universities
- Cities and towns
- Counties
- Fire protection districts
- Public health agencies
- Emergency service districts
- Housing authorities
- Irrigation and water districts
- Mosquito districts
- Weed control districts
- Libraries and library districts
- Port authorities
- Commodity commissions
- Public utility districts
- Sewer districts
- Transit authorities
- Other nonfederal, government entities

The ability of DRS to provide services to retirement system members depends upon the assistance and cooperation of employers. By providing timely and accurate transmittal information, employers ensure that DRS can maintain current and reliable member information. By submitting prompt and correct payments, employers ensure that DRS can meet its financial obligations to retirement system members.

DRS and the employer community form a vital partnership. Through the continued assistance, cooperation and dedication of the many individuals who make up this community, DRS is able to fulfill its mission.

Chapter 2: Membership

Chapter Overview

This chapter provides information about membership in one of the Washington State retirement systems. Refer to this chapter for:

- General information about membership
- Eligibility rules for membership in the retirement systems you report. Your handbook includes information for:
 - the Public Employees' Retirement System (PERS)
 - the School Employees' Retirement System (SERS)
 - the Teachers' Retirement System (TRS)
 - the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
 - the Washington State Patrol Retirement System (WSPRS)
 - the Judicial Retirement System (JRS)
- Cross references to relevant statutes (RCW) and rules (WAC)

The Revised Code of Washington (RCW) and the Washington Administrative Code (WAC) may be available to you through your legal advisor. A copy of the first fifty pages of a specific RCW or WAC can be ordered directly from the Office of the Code Reviser at no cost. For RCWs, call (360) 786-6777; for WACs, call (360) 786-6686. The RCWs and WACs may also be found at <http://leg.wa.gov/rcw>.

Refer to Chapter 6 for instructions on how to calculate and transmit employee and employer contributions.

Refer to Chapters 7 and 8 for information on how to report eligible employees.

See Chapter 12 for a sample of the Enrollment Form and instructions on how to complete it.

Membership and the Employee

Once an employee establishes membership in a retirement system, the employee begins to build a future retirement benefit. This benefit is funded by contributions—made by the employee, the employer, and with some systems, the state—and the investment earnings from these contributions. Except for Plan 3 member contributions, WSIB invests retirement contributions. When a member retires, money from this investment fund is used to pay the retired member a defined monthly benefit. The number of years of service credit the member has earned and the amount of the member's highest average compensation during employment determine the amount of the service retirement benefit to which a member is entitled.

Plan 3 is composed of two retirement benefit components. The defined contribution component is member financed and the defined benefit component is employer financed. Members can choose between two investment programs: the Washington State Investment Board (WSIB) Investment Program or the Self-Directed Investment Program.

Member benefits are explained in member handbooks published by DRS. Member handbooks are available for PERS, SERS, TRS, LEOFF, WSPRS and JRS members. Each member of a retirement system should be given a copy of the appropriate handbook to help the member understand retirement rights and benefits. If you need copies of these handbooks, please contact DRS Office Services.

Membership and the Employer

Employers play a vital role in helping DRS provide retirement services to members. An employer's responsibilities include:

- making the initial determination of an employee's eligibility for membership;
- enrolling each employee who is eligible for membership;
- reporting information to DRS each month about each member;
- informing DRS when a Washington State retirement system retiree is hired;
- transmitting required employer and employee contributions to DRS each month for each member;

- maintaining documentation to support eligibility determinations; and
- periodically reviewing determinations to ensure they remain accurate.

Steps in Evaluating Membership

The following summarizes the steps to consider when evaluating an employee's eligibility for membership. This summary does not attempt to give details about membership rules for each system. Please refer to the appropriate sections later in this chapter for those details.

Step 1 Ask each new employee if he or she is a retired member of a Washington State retirement system.

A retiree's benefits may be affected by returning to work. RCW 41.50.139 (formerly in RCW 41.50.130) requires employers to ask all new employees if they are retirees of any Washington State retirement system. When employers hire a retiree they must use the "Transmittal Report" to inform DRS of this occurrence. If this report is not used, the employer is liable for any pension overpayments.

Note: Please refer to the section in Chapter 5 called "Employing Retirees" for details about reporting and membership requirements for retirees.

Step 2 Ask each new employee if he or she has ever been a member of a Washington State retirement system.

If an employee has ever established membership in PERS, SERS, TRS, LEOFF, WSPRS or JRS, you may need to use different criteria when evaluating his or her current eligibility for membership. There are a number of ways DRS can help employers determine if an employee has previous membership in a retirement system. The employer can:

- Use Member Reporting Verification—an Internet application. Call ESS to sign up for this service.
- contact ESS and request a file (either by tape or cartridge) with the member, system, plan (MSP) and status (active or retired) information; or
- call, write or Fax ESS, PERS/ SERS, TRS, LEOFF, WSPRS or JRS Retirement Services to ask if an employee has previously established membership.

Step 3 Evaluate the employee's eligibility for membership under the rules that apply for the appropriate system and plan.

Your handbook contains information on membership rules for each system in which you have members. Please read the information carefully so you can make the proper determination of the employee's eligibility for membership.

In PERS, SERS, TRS and LEOFF, an employee will be evaluated for eligibility. An employee, who established membership in a retirement system before October 1, 1977, should be evaluated under the rules for Plan 1. An employee, who establishes membership in a retirement system on or after October 1, 1977, should be evaluated under the rules for Plan 2. (These same rules apply to any member who transferred to Plan 3.) A teacher hired on or after July 1, 1996, should be evaluated under the rules for TRS Plan 3. A classified employee hired on or after September 1, 2000, should be evaluated under the rules for SERS Plan 3.

If you determine that an employee is not eligible for membership in a retirement system, document your determination and then stop with this step. If you determine that an employee is eligible for membership, complete the remaining steps.

Step 4 Determine whether the employee needs to complete an Enrollment Form.

Not all employees need to complete a new form; see DRS Notice 02-006.

Who must complete an Enrollment Form:

- A new employee hired into a LEOFF or WSPRS eligible position
- An employee who has been elected or Governor appointed to office and elects to participate in a Washington State retirement system
- An employee who is a city manager or chief administrative officer of a county, port district or public utility district, who serves at the pleasure of an appointing authority.

Chapter 12 provides instructions on how to complete the Enrollment Form. Before you send the form to DRS, make sure both the employee and employer portions are completed correctly. If a form has not been completed correctly, it will be sent back to you for correction.

Step 5 Report the employee on the monthly transmittal report and make payment of contributions due.

All eligible employees must be reported to DRS each month on the monthly transmittal report. The first time you report an eligible employee, be sure to report a begin date, gender code, address and birth date. If you are completing the first transmittal for a PERS Plan 2, SERS Plan 2 or TRS Plan 2 member transferring to Plan 3, you must report the transfer date, and the member selected investment program and rate option. Refer to Chapter 8 for instructions on how to accomplish your monthly reporting.

In addition to adding the employee to your monthly transmittal report, include payment of all contributions due with your regular monthly contribution payment to DRS. Refer to Chapter 6 for details about how to calculate and pay retirement contributions that are due.

PERS Membership

A Summary

The information in this section is provided to help you determine an employee's eligibility for membership in the Public Employees Retirement System (PERS).

The actual rules that govern membership are contained in state retirement law. This handbook summarizes those rules in less legalistic terms. It is not a complete description of the law. If there are any conflicts between what is written here and state retirement law, the law will govern.

Employer Responsibilities

As the employer, you have certain responsibilities involved with enrolling and reporting retirement system members. You will want to keep the following points in mind:

- You are responsible for making the initial determination of an employee's eligibility for membership. The following pages explain the membership rules that currently apply. Review these pages carefully when making your determination.
- You are responsible for reporting all eligible employees from the first day of eligibility. (See Chapters 7 and 8 for instructions on how to report eligible employees.)
- You are responsible for documenting your decision regarding a position's eligibility. (See Chapter 12 for a sample worksheet you can use for documenting your decisions.) Your documentation will help protect you in case questions arise about a decision you have made.
- You are responsible for regularly reviewing the determinations you have made. By doing so, you can ensure that you are reporting correctly.

PERS Plan 1, Plan 2 and Plan 3 Membership Rules

This section outlines current rules for membership in PERS Plan 1, Plan 2 and Plan 3. For prior period membership rules, see page PERS 2—19. If you have questions about PERS eligibility, please call PERS Retirement Services.

Employees in Eligible Positions Can Be Members

The primary determination of eligibility for PERS is based upon the position. An employee who worked for one month in an eligible position before quitting would be entitled to PERS membership. In PERS, there are two ways a position can be eligible. A position is eligible if:

- The position *normally* requires at least five months each *year* in which regular compensation is earned for at least 70 hours per month. [RCW 41.40.010(25)(a), WAC 415-108-680]
 - As used in this definition, “normally” means a position that requires at least five months of at least 70 hours for two consecutive years. Once a position is determined to be eligible, it will continue to be eligible if it requires at least five months of 70 or more hours of compensated service during at least one year in any two-year period. [WAC 415-108-010]
 - “Year” means any 12 consecutive month period established and applied consistently by an employer to evaluate the eligibility of a specific position. In the case of ongoing positions, the year used by the employer must be the same for all positions. In the case of a project or temporary position, the year used may be specific to the position. The term may include but is not limited to a school year, calendar year or fiscal year. [WAC 415-108-010]
[WAC 415-108-010]

Or

- The position is occupied by an elected official or person appointed directly by the Governor for compensation.
RCW 41.40.010(25)(b)]

To determine if a position is eligible, you may find it helpful to ask the following three questions.

1. Will the position ever require 70 or more hours of compensated employment in a month?

—If the answer is *no*, the position is not eligible.
—If the answer is *yes*, ask question 2.
2. Will the position ever require five or more months with at least 70 hours of compensated employment per month in a 12-month period?

—If the answer is *no*, the position is not eligible.
—If the answer is *yes*, ask question 3.
3. Will the position normally meet this standard? That is, will the position require five months of 70 hours during each of two consecutive years?

—If the answer is *no*, the position is not eligible.
—If the answer is *yes*, the position is eligible.

Exceptions to Position Eligibility

In some circumstances a person may establish or continue membership even if he or she is employed in an ineligible position.

- A PERS member who leaves an eligible position to serve in a project position will continue in membership if the position requires at least 70 hours per month and the employee accepts the position conditioned on returning to a permanent eligible position at the completion of the project. [WAC 415-108-680(2) and WAC 415-108-010]
- If an employee, in an ineligible position, made member contributions for at least nine months, the employee will be treated as having been in an eligible position during such period of employment. When it is discovered the position is ineligible, submit an end date on the next monthly transmittal and stop reporting the employee to DRS. [RCW 41.40.028]
- A PERS disability retiree may not establish PERS membership if employed in an eligible position unless receiving comparable compensation. [RCW 41.40.310 and 41.40.670]

- A retiree from SERS, TRS, LEOFF or WSPRS that retired with 15 or more years of service may not establish PERS membership if employed in an eligible position, unless the retiree established PERS membership prior to March 1, 1976. [RCW 41.04.270 and WAC 419-108-725]

Employees in Ineligible Positions Cannot Be Members

An employee hired into an *ineligible position* is not eligible for membership in PERS and is not to be reported on the monthly transmittal. Be sure to document that the position is ineligible. You may copy the “Position Eligibility Worksheet” in Chapter 12 to use for this purpose.

An ineligible position is one that normally *does not* require at least five months each year in which regular compensation is earned for at least 70 hours per month.

Example #1: A position requires part-time work for 60 hours each month for the entire year.

Explanation: The position is *not* eligible because employment is for less than 70 hours each month.

Example #2: A position requires full-time work for 3 months each year.

Explanation: The position is *not* eligible because employment is for less than five months each year.

Example #3: A new position is created that is funded for only one year and will then cease to exist. The new position will require full-time work.

Explanation: The position is *not* eligible because it does not exist on an ongoing basis. The position does not meet the definition of “normally.”

Employees Working in More than One PERS-Covered Position

All work an employee performs for you in a given month must be taken into account when determining an employee’s eligibility for membership. If the employee’s combined hours of employment meet the definition of an eligible position and if this is the employee’s normal pattern of employment, the employee is eligible for PERS membership.

An employee’s eligibility for membership is based only on his or her employment with you. An employee cannot combine hours of employment in positions with separate employers to establish membership in PERS.

Example #1: An employee normally works for you for 40 hours each month as a cook and for 40 hours each month as a bus driver.

Explanation: The employee is eligible for membership. The employee works a total of 80 hours each month for at least five months each year and this is the normal pattern of employment.

Example #2: An employee normally works for you for 40 hours each month as a cook. *For one year*, the employee takes on extra duties and works 40 hours per month as a bus driver.

Explanation: The employee is *not* eligible for membership. Although the employee works 80 hours each month for five or more months during the year, this is not the normal pattern of employment.

Example #3: An employee works for you for 40 hours each month as a cook and works *for another employer* for 40 hours each month as a bus driver.

Explanation: The employee is *not* eligible for membership. The employee cannot combine the hours of employment with separate employers to establish membership.

Employees Working in Educational Staff Associate Positions

An Educational Staff Associate (ESA) is defined as an individual employed by a public school in any of the following positions:

- Communications Disorders Specialist
- Occupational Therapist
- Physical Therapist
- Reading Resource Technician
- School Counselor
- School Nurse
- School Psychologist
- School Social Worker

A person working in an ESA position in a public school must hold a certificate authorized by the State Board of Education. Although ESA positions are generally TRS eligible positions, there are instances where a person who was employed as an ESA before June 7, 1984, may have rights to PERS membership. If you are a public school employer and you hire a person who served in an ESA position before June 7, 1984, contact

PERS Retirement Services to help determine the membership options available to this member.

Employees Working in More than One Position

An employee may work for you in a position that would be covered by PERS *and* in a position that would be covered by another retirement system; e.g., TRS or LEOFF. In such a case, the employee's eligibility for membership depends upon the types of positions the employee occupies. Refer to the tables on the following pages to determine how to report these types of employees.

PERS Members

Type of Concurrent Employment ^{1/}	Type of Employer(s)	System in which to Report Member
An eligible PERS position and an ineligible TRS or substitute position	Same employer	PERS – for both positions.
	Separate TRS employers	PERS - for the PERS position only, unless member qualifies for and elects to establish membership in TRS at the end of the school year under WAC 415-112-125(1). If member elects to establish TRS membership, report member in TRS for both positions. Any previously reported service credit and compensation in PERS will be transferred to TRS.
	A TRS employer and non-TRS employer	PERS - for the PERS position only. The TRS position will not be reported unless the member elects to: 1. have the TRS service reported in PERS and receive service credit in PERS for both positions; or 2. have the TRS service reported in TRS and not receive service credit for the PERS position.

^{1/} “Concurrent” means during the same school year.

Neither TRS nor PERS Member

Type of Concurrent Employment ^{1/}	Type of Employer(s)	System in which to Report Member
An ineligible TRS and an ineligible PERS position	Same employer	TRS - for both positions if the positions, combined, qualify as an eligible position.
	Separate employers, TRS or non-TRS	Neither position reported.
A substitute teaching position and an ineligible PERS position	Same employer	Neither position reported. If the member qualifies, he or she may elect to establish membership in TRS at the end of the school year for the substitute teaching position under RCW 41.32.013 and WAC 415-112-140.
	Separate employers, TRS or non-TRS	Neither position reported. However, if the member qualifies, he/she may elect to establish membership in TRS at the end of the school year for the substitute teaching position under RCW 41.32.013 and WAC 415-112-140.

^{1/} “Concurrent” means during the same school year.

PERS or LEOFF Members

Type of Concurrent Employment	Type of Employer(s)	System in which to Report Member
Eligible PERS position and less than full time law enforcement officer or fire fighter service	Same employer	Employee is eligible for PERS membership. Report all compensation, contributions, and service (PERS + law enforcement or fire fighter service) under PERS on the monthly transmittal.
Ineligible PERS position and less than full time law enforcement officer or fire fighter service	Same employer	Employee eligible for PERS membership if the combined hours of employment meet the definition of an eligible position in PERS. If the employee is eligible, report all compensation, contributions, and service (PERS + law enforcement or fire fighter service) under PERS on the monthly transmittal.
Ineligible PERS position and full time law enforcement officer or fire fighter position	Same employer	Employee is eligible for membership in LEOFF. Report only the compensation, contributions, and service in the LEOFF position under LEOFF on the monthly transmittal. Do not report the employment in the ineligible PERS position.

PERS Disability Retirees

Type of Concurrent Employment	Type of Employer(s)	System in which to Report Member
Eligible PERS position	Any employer	<p>Employer must contact PERS Retirement Services to determine comparable compensation. If it is determined compensation compares to the compensation reported prior to the disability retirement, the employee must be reported in PERS retroactive to the first date of hire.</p> <p>Note: A PERS disability retiree who returns to work does not fall under the post-retirement employment provisions, but must be reported on the “Retiree Returning to Work Report” form.</p>

PERS and SERS

Type of Employment	Type of Employer(s)	System in which to Report Member
Concurrent ^{1/} in SERS eligible position and PERS eligible position	SERS employer	SERS in SERS
	PERS employer	PERS in PERS

^{1/}. During the same month.

Exemptions for Persons Employed in PERS Eligible Positions

Membership is Optional for Elected and Governor-Appointed Officials

All elected positions and positions appointed directly by the Governor are eligible positions by definition [RCW 41.40.010(25)(b)]. Elected and Governor-appointed officials are exempted from PERS membership unless they elect to join. They may apply for membership at any time during their current term of office. [RCW 41.40.023(3), WAC 415-108-560]

Other Optional Positions

The city manager or chief administrative officer of a city or town, other than a retiree, has the option of applying for membership within thirty days from the date of their appointment to such positions. [RCW 41.40.023(17)]. PERS membership is now optional for the chief administrative officer of a public utility district, port district or county, also within thirty days from the date of their appointment. [RCW 41.40.023(18)]

Current or Former PERS Members

Current members of PERS may continue membership by applying and being accepted into membership for their elected or Governor-appointed service. [RCW 41.40.023(3), WAC 415-108-550(2), 415-108-560(3)]

An elected or Governor-appointed official who elects to establish membership and holds, or previously held, PERS Plan 1 membership will return to membership in PERS Plan 1 even if the member withdrew funds from his or her retirement account.

New Members

An elected or Governor-appointed official who chooses to become a retirement system member but who has not been a member before will be enrolled in PERS Plan 2.

Current or Prospective Members of Higher Education Retirement Plans are Exempted from PERS

RCW 28B.10.400 authorizes the higher education institutions to make separate retirement income plans available to their professional and academic employees instead of PERS or TRS. The statute leaves it to the institutions to determine who is eligible to participate in a higher education retirement plan (HERP). Once a

higher education institution determines an employee is eligible for membership in a HERP, that employee is exempted from PERS membership if the employee is participating in a HERP.

A person may not participate in PERS if he or she is participating in a higher education retirement plan (HERP).

For many higher education institutions, participation in a HERP is optional during the first two years of employment. After that, participation is mandatory. For some higher education institutions, participation is required once eligibility is determined.

Higher education employees eligible to opt into a HERP are exempted from PERS during the two-year optional waiting period even if they never contribute to the HERP. [RCW 41.40.023(8)] Employees of community colleges, technical colleges and several of the four-year higher education institutions do not provide this option after January 1, 1997.

Note: Some HERP eligible employees may elect PERS membership. While most professional or academic employees must join the HERP, the institutions have provided an exception for new hires that have already established membership in PERS or TRS. Those employees are given the option to continue to participate in PERS or TRS under certain conditions (i.e.; they are employed in an “eligible position”). The employee defaults to the HERP unless he or she elects to continue participation in PERS or TRS.

If you encounter this situation, be sure to get a copy of the higher education institution’s rules. The rules can vary between institutions. For instance, the community and technical colleges allow non-vested PERS or TRS members to continue in PERS or TRS until they become vested. After becoming vested in PERS or TRS, they are allowed to transfer to TIAA/CREF.

Independent Contractors Exempted from PERS

Only an employee of a PERS employer is eligible for PERS membership. Because independent contractors are not employees, they are exempted from PERS membership. DRS applies the common law right of control test to determine if a worker is an employee or an independent contractor. Because of the complexity of the test, it is often difficult to determine if a person is an independent contractor without auditing the working situation.

If you have questions about determining if a person is an independent contractor, contact PERS Retirement Services.
[WAC 415-02-110]

Membership in Another Retirement System May Exempt a Person from PERS

Simultaneous Membership

A person generally cannot establish or continue membership in PERS if he or she, at the same time, is a participating member contributing to any retirement system operated in whole or in part administered by the state.

Retirement systems operated in whole or in part by the state include:

TRS	LEOFF
WSPRS	Higher education plans (TIAA/CREF)
Judges	Judicial

Note: Contact PERS Retirement Services when you hire a person that indicates membership in another retirement system administered by the state or a political subdivision.

Exception: A person who is otherwise eligible may participate in PERS if he or she is simultaneously participating in:

- the Volunteer Fire Fighters' Relief and Pension Fund under RCW 41.24; or
- Retirement of Judges—Supplemental Retirement under RCW 2.14. [RCW 41.40.023(4)]

Consecutive Membership

A person may be eligible to establish PERS membership or continue to participate in PERS despite retaining service credit in another public retirement system. [RCW 41.40.023(4)], [WAC 415-108-726]

Note: This rule may not apply to persons who are retired or are eligible to retire from one of the retirement systems previously listed under "Simultaneous Membership."

Contact PERS Retirement Services if you have questions about consecutive membership.

Professional Services

If an employee earns less than 50 percent of his or her gross income from the practice of his or her profession from a PERS employer, then the person is exempted from PERS membership. The terms “profession” and “professional services” are not defined in statute or rule, but some occupations that qualify as “professions” include:

- Law
- Engineering
- Medicine
- Lobbying
- Teaching

If you encounter a person working in some occupation other than those listed above, please contact the legal unit at DRS to discuss whether the occupation qualifies as a profession.

PERS Retirees are Exempted from Membership

Effective July 1997, PERS retirees are exempted from PERS membership. Retirees will only reenter membership if they elect to do so. The option may be exercised prospectively. If a PERS retiree reenters membership, benefits stop until the member retires again.

Note: A service retiree may return to public service, but this may affect the retiree’s pension. Please refer to “Employing Retirees” in Chapter 5 for details about what to do if you hire a retiree.

Note: A disability retiree is not eligible to return to membership unless he or she is receiving comparable compensation as determined by DRS. There is no limitation on eligible employment; the only limitation is dependent upon the compensation earned.

Questions and Answers

The following provides answers to some of the more frequently asked questions regarding membership and reporting requirements for PERS.

Questions Relating to Eligible Positions

- Q1.** A member in an eligible position takes an extended unpaid leave of absence and does not have at least five months with 70 hours or more of compensated employment in a given 12-month period. Is this individual still eligible for membership?
- A1.** Yes. An unpaid leave of absence does not affect the eligibility of a position. If the position normally requires five months of 70 hours or more of compensated employment, then the position is still eligible. The employer should continue to report the employee on the monthly transmittal using status code B.
- Q2.** An eligible position continues for more than a year without requiring the individual in that position to work at least 70 hours a month for five months or more each year. Is the individual in this position eligible for membership?
- A2.** The employer should review the requirements of the position. If this is no longer an eligible position, the employer should separate the employee from the monthly transmittal. If this is still an eligible position, the employer should continue to report the employee on the monthly transmittal.
- Q3.** An eligible position is filled with two individuals each working three hours a day. Are the individuals eligible for membership?
- A3.** Yes. Although separately the individuals do not work 70 hours a month for five months or more each year, the position requires that much work. Each of the individuals is eligible for membership and should be reported on your transmittal.
- Q4.** An employee works in an ineligible position from March 1 through November 10. On November 11, you redefine this as an eligible position. When do you begin reporting the individual in this position?
- A4.** With November's report using November 11 as the begin date. You would report all retirement information for work performed by the individual during November—the information for the eligible position *plus* the information for the ineligible position.

All of an employee's work each month is considered as a single position.

- Q5.** During a review, it is discovered that a position that had been defined as ineligible has actually required the employee in the position to work 70 hours or more in at least five months in each of the last two years. What will happen in this case?
- A5.** The position will be declared eligible beginning from the first month of the first year in which employment was for at least 70 hours. The employee will enter membership beginning with that month. The employer must use the monthly transmittal to report all compensation, contributions and hours of service back to the first date of eligibility.

Questions Relating to Temporaries or Classified Substitutes

- Q6.** An employee is hired as a "temporary" to fill in for someone who is on leave for two weeks. Is this employee eligible for membership and should he or she be reported?
- A6.** It depends. If you place this individual into the absent employee's eligible position, he or she is eligible for membership and must be reported. If you place this individual into an ineligible position that was created to fill such a need, he or she is not eligible for membership and should not be reported.
- Q7.** An employer has created a position designed to fill temporary needs. An employee is regularly hired into this position, doing work on a short-term basis, "filling in" for employees who are absent or on leave. Should the employee in this position be reported?
- A7.** If the employer classifies and documents this work as a separate position, and if the position normally requires less than five months each year with 70 hours or more of compensated employment, then the position is ineligible and the employee should not be reported. If the employee is compensated for 70 or more hours for at least five months for two consecutive years, then the employee should be reported.

Questions Relating to Elected or Governor-Appointed Officials

- Q8.** An individual who has been in PERS is appointed by the Governor to an elective position on an interim basis. Can the individual continue PERS membership during the time in the elective position?
- A8.** Yes, but membership does not continue automatically. Upon being appointed to office, the individual must make a written application to the Director of DRS to continue membership in PERS. When the application is accepted, membership will continue without loss of service credit.
- Q9.** An individual who has been in PERS is elected to office and takes office in January. Should the individual be reported on the January transmittal?
- A9.** No. The individual must first make a written application to the Director of DRS to continue membership in PERS. When the individual has received written acceptance from the Director of DRS, he or she should then be reported on the monthly transmittal. Membership and reporting will be required retroactively to the first day of the term of office.
- Q10.** A person who has never been a member of PERS is appointed by the Governor to an elected position on an interim basis. Can the person be reported in PERS?
- A10.** Yes. Upon being appointed to office, the person must make written application to the Director of DRS for PERS membership. When the person receives written acceptance for membership from the Director, he or she should be reported on the PERS monthly transmittal retroactive to the first day of the appointment.

Definitions

The following definitions are given for the terms that are used in the PERS Membership section of the Employer Handbook.

Comparable Compensation refers to the compensation a disability retiree receives from an employer that makes him or her eligible to return to PERS membership when all conditions are met. DRS compares the retiree's current compensation to the compensation received prior to the disability retirement to determine comparable compensation.

Compensated employment means salaries or wages earned for hours of employment.

Eligible position is one that normally requires at least five months each year in which regular compensation is earned for at least 70 hours per month in each of two consecutive years.

Normally, as used in the definition of an eligible position, means a position that requires at least five months each year in which regular compensation is earned for at least 70 hours in each of two consecutive years. Once a position is determined to be eligible, it will continue to be eligible if it requires at least five months of 70 or more hours of compensated service during at least one year in any two-year period.

Plan 1 refers to the funding and benefit provisions covering persons who first became members of this retirement system before October 1, 1977.

Plan 2 refers to the funding and benefit provisions covering persons who first became members of this retirement system on or after October 1, 1977.

Plan 3 refers to the funding and benefit provisions covering persons who first became members of this retirement system during Phase 1 (beginning March 1, 2002) or Phase 2 (beginning September 1, 2002), or who elect to transfer from Plan 2.

Position refers to a group of duties and responsibilities normally assigned to an employee. A position may be filled or vacant, full time or part time, seasonal, temporary or permanent.

Year, as used in the definition of an eligible position, means any 12 consecutive month period established, and applied consistently, by an employer to evaluate the eligibility of a specific position. In the case of ongoing positions, the year used by the employer must be the same for all positions. In the case of a project or temporary position, the year used may be specific to the position. The term may include, but is not limited to, a school year, calendar year or fiscal year. Employers should document the 12-month period used to define a year for a given position; e.g., January through December, September through August, April through March, etc.

Membership Rules for Prior Periods

The following chart provides a brief summary of the membership rules in effect for prior periods. If you need additional information about PERS eligibility rules, contact PERS Retirement Services.

Period ^{1/}	Plan 1	Plan 2 and Plan 3
09/01/91 forward	<u>Eligible position:</u> at least five months each year in which regular compensation is earned for at least 70 hours per month during each of two consecutive years.	<u>Eligible position:</u> at least five months each year in which regular compensation is earned for at least 70 hours per month during each of two consecutive years.
09/01/90 through 08/31/91	<u>Eligible position:</u> at least five months each year in which regular compensation is earned for at least 70 hours per month.	<u>Eligible position:</u> at least five months each year in which regular compensation is earned for at least 90 hours per month.
04/01/55 through 08/31/90	<u>Eligible position:</u> at least five <i>consecutive months</i> each year in which regular compensation is earned for at least 70 hours per month.	<u>Eligible position:</u> at least five <i>consecutive months</i> each year in which regular compensation is earned for at least 90 hours per month.
03/23/65 through 06/06/90	Employee could work in an eligible position on a temporary basis <i>not to exceed six consecutive months</i> without being brought into PERS membership.	Employee could work in an eligible position on a temporary basis <i>not to exceed six consecutive months</i> without being brought into PERS membership.

^{1/} For periods from July 23, 1989, forward, all of an employee's work each month for an employer must be considered as a single position.

SERS Membership

A Summary

The information in this section is provided to help you determine an employee's eligibility for membership in the School Employees' Retirement System (SERS).

The actual rules that govern membership are contained in state retirement law. This handbook summarizes those rules in less legalistic terms. It is not a complete description of the law. If there are any conflicts between what is written here and state retirement law, the law will govern.

Employer Responsibilities

As the employer, you have certain responsibilities involved with enrolling and reporting retirement system members. You will want to keep the following points in mind:

- You are responsible for making the initial determination of an employee's eligibility for membership. The following pages explain the membership rules that currently apply. Review these pages carefully when making your determination.
- You are responsible for reporting all eligible employees from the first day of eligibility. (See Chapters 7 and 8 for instructions on how to report eligible employees.)
- You are responsible for documenting your decision regarding a position's eligibility. (See Chapter 12 for a sample worksheet you can use for documenting your decisions.) Your documentation will help protect you in case questions arise about a decision you have made.
- You are responsible for regularly reviewing the determinations you have made. By doing so, you can ensure that you are reporting correctly.

SERS Plan 2 and Plan 3 Membership Rules

This section outlines current rules for membership in SERS. For prior period membership rules, see page SERS 2—17. If you have questions about SERS eligibility, please call PERS/SERS Retirement Services.

Employees in Eligible Positions Can Be Members

The primary determination of eligibility for SERS is based upon the position. An employee who worked for one month in an eligible position before quitting would be entitled to SERS membership. In SERS, there are two ways a position can be eligible. A position is eligible if:

- The position *normally* requires at least five months each *year* in which regular compensation is earned for at least 70 hours per month. [RCW 41.35.010(22), WAC 415-110-680]

As used in this definition, “normally” means a position that requires at least five months of at least 70 hours for two consecutive years. Once a position is determined to be eligible, it will continue to be eligible if it requires at least five months of 70 or more hours of compensated service during at least one year in any two-year period. [WAC 415-110-010]

“Year” means any 12 consecutive month period established and applied consistently by an employer to evaluate the eligibility of a specific position. In the case of ongoing positions, the year used by the employer must be the same for all positions. In the case of a project or temporary position, the year used may be specific to the position. The term generally will be limited to a school year. [WAC 415-110-010]

Or

- The position is occupied by an elected official or person appointed directly by the Governor. Refer to page 2—10 for additional information.

To determine if a position is eligible, you may find it helpful to ask the following three questions.

1. Will the position ever require 70 or more hours of compensated employment in a month?

If the answer is *no*, the position is not eligible.

If the answer is *yes*, ask question 2.

2. Will the position ever require five or more months with at least 70 hours of compensated employment per month in a 12-month period?

If the answer is *no*, the position is not eligible.

If the answer is *yes*, ask question 3.

3. Will the position normally meet this standard? That is, will the position require five months of 70 hours during each of two consecutive years?

If the answer is *no*, the position is not eligible.

If the answer is *yes*, the position is eligible.

Employees in Ineligible Positions Cannot Be Members

An employee hired into an *ineligible position* is not eligible for membership in SERS and is not to be reported on the monthly transmittal. Be sure to document that the position is ineligible. You may copy the “Position Eligibility Worksheet” in Chapter 12 to use for this purpose.

An ineligible position is one that normally *does not* require at least five months each year in which regular compensation is earned for at least 70 hours per month.

Example #1: A position requires part time work for 60 hours each month for the entire year.

Explanation: The position is *not* eligible because employment is for less than 70 hours each month.

Example #2: A position requires full time work for 3 months each year.

Explanation: The position is *not* eligible because employment is for less than five months each year.

Example #3: A new position is created that is funded for only one year and will then cease to exist. The new position will require full time work.

Explanation: The position is *not* eligible because it does not exist on an on-going basis. The position does not meet the definition of “normally.”

Exceptions to Position Eligibility

In some circumstances a person may establish or continue membership even if he or she is employed in an ineligible position. In some circumstances a person may be excluded from membership even if he or she is employed in an eligible position.

- A SERS member who leaves an eligible position to serve in a project position will continue in membership if the position requires at least seventy hours per month and the employee accepts the position conditioned on returning to a permanent eligible position at the completion of the project. [WAC 415-110-680 and WAC 415-110-010]
- If an employee, in an ineligible position, made member contributions for at least nine months, the employee will be treated as having been in an eligible position during such period of employment. When it is discovered the position is ineligible, submit an end date on the next monthly transmittal and stop reporting the employee to DRS. [RCW 41.35.040]
- A SERS disability retiree may not establish SERS membership if employed in an eligible position unless receiving comparable compensation. [RCW 41.35.440 and 41.35.690]
- A retiree from PERS, TRS, LEOFF or WSPRS that retired with 15 or more years of service may not establish SERS membership if employed in an eligible position. [RCW 41.04.270]

Employees Working in More than One SERS-Covered Position

All work an employee performs for you in a given month must be taken into account when determining an employee's eligibility for membership. If the employee's combined hours of employment meet the definition of an eligible position and if this is the employee's normal pattern of employment, the employee is eligible for SERS membership.

An employee's eligibility for membership is based only on his or her employment with you. An employee cannot combine hours of employment in positions with separate employers to establish membership in SERS.

Example #1: An employee normally works for you for 40 hours each month as a cook and for 40 hours each month as a bus driver.

Explanation: The employee is eligible for membership. The employee works a total of 80 hours each month for at least five months each year and this is the normal pattern of employment.

Example #2: An employee normally works for you for 40 hours each month as a cook. *For one year*, the employee takes on extra duties and works 40 hours per month as a bus driver.

Explanation: The employee is *not* eligible for membership. Although the employee works 80 hours each month for five or more months during the year, this is not the normal pattern of employment.

Example #3: An employee works for you for 40 hours each month as a cook and works *for another employer* for 40 hours each month as a bus driver.

Explanation: The employee is *not* eligible for membership. The employee cannot combine the hours of employment with separate employers to establish membership.

Employees Working in Educational Staff Associate Positions

An Educational Staff Associate (ESA) is defined as an individual employed by a public school in any of the following positions:

- Communications Disorders Specialist
- Occupational Therapist
- Physical Therapist
- Reading Resource Technician
- School Counselor
- School Nurse
- School Psychologist
- School Social Worker

A person working in an ESA position in a public school must hold a certificate authorized by the State Board of Education. Although ESA positions are generally TRS eligible positions, there are instances where a person who was employed as an ESA before June 7, 1984, may have rights to SERS membership. If you are a public school employer and you hire a person who served in an ESA position before June 7, 1984, contact PERS/SERS Retirement Services to help determine the membership options available to this member.

Employees Working in More than One Position

An employee may work for you in a position that would be covered by SERS *and* in a position that would be covered by another retirement system; e.g., TRS. In such a case, the employee's eligibility for membership depends upon the types of positions the employee occupies. Refer to the tables on the following pages to determine how to report these types of employees.

SERS Members

Type of Employment^{1/}	Type of Employer(s)	System in which to Report Member
An eligible SERS position and an ineligible TRS or substitute position	Same SERS employer	SERS – for both positions.
	Separate SERS employers	SERS - for the SERS position only, unless member qualifies for and elects to establish membership in TRS at the end of the school year under WAC 415-112-125(1). If member elects to establish TRS membership, report member in TRS for both positions. Any previously reported service credit and compensation in SERS will be transferred to TRS.

^{1/}. Means during the same school year.

Neither TRS nor SERS Member

Type of Employment^{1/}	Type of Employer(s)	System in which to Report Member
An ineligible TRS and an ineligible SERS position	Same SERS employer	TRS - for both positions if the positions, combined, qualify as an eligible position.
	Separate SERS employers	Neither position reported.
A substitute teaching position and an ineligible SERS position	Same SERS employer	Neither position reported. If the member qualifies, he/she may elect to establish membership in TRS at the end of the school year for the substitute teaching position under RCW 41.32.013 and WAC 415-112-140.
	Separate SERS employers	Neither position reported. However, if the member qualifies, he/she may elect to establish membership in TRS at the end of the school year for the substitute teaching position under RCW 41.32.013 and WAC 415-112-140.

^{1/}. Means during the same school year.

Former TRS Plan I Members ^{1/}

Type of Employment ^{2/}	Type of Employer(s)	System in Which You Will be Reported
A substitute or less than full-time teaching position and a SERS-eligible position	Same SERS employer	SERS - for both positions.
	Separate SERS employers	SERS - for SERS position only. The substitute part-time position is not reported unless the member qualifies for and elects to establish TRS membership under RCW 41.32.240. If the member elects to establish TRS membership, report the member in TRS for both positions. Any previously reported service credit and compensation in SERS will be transferred to TRS.
A full-time teaching position and an eligible SERS position	Same employer	TRS - for both positions.
	Separate SERS employers	TRS - for both positions.

^{1/} "Former TRS Plan I member," as used here means membership was terminated by withdrawal of contributions

^{2/} Means during the same school year.

TRS Plan I Members

Type of Employment ^{2/}	Type of Employer(s)	System in Which You Will be Reported
A full-time or less than full-time TRS position and an eligible SERS position	Same employer	TRS - for both positions.
	Separate SERS employers	TRS - for both positions.
A full-time or less than full-time TRS position and an ineligible SERS position	Same employer	TRS - for both positions.
	Separate SERS employers	TRS - for both positions.

^{2/} Means during the same school year.

TRS Plan 2 or 3 Members

Type of Employment ^{1/}	Type of Employer(s)	System You Will Be Reported In
An eligible TRS position and an ineligible SERS position	Same employer	TRS - for both positions.
	Separate SERS employers	TRS - for TRS position only; an ineligible SERS position is not reported.
An eligible TRS position and an eligible SERS position	Same employer	TRS - for both positions.
	Separate SERS employers	TRS - for both positions. ^{2/}

^{1/}. Means during the same school year.

^{2/}. **Example:** A TRS Plan 2 or Plan 3 member is employed by School District A in an eligible TRS position and by School District B in an eligible SERS position. Because the member is in TRS, School District B must report service and compensation from the SERS position to DRS in TRS. If the member terminates the TRS employment with School District A, School District B must then report the member for the SERS position in SERS.

SERS Disability Retirees

Type of Employment	Type of Employer(s)	System in which to Report Member
Eligible SERS position	Any employer	<p>Employer must contact PERS/SERS Retirement Services to determine comparable compensation. If it is determined compensation compares to the compensation reported prior to the disability retirement, the employee must be reported in SERS retroactive to the first date of hire.</p> <p>Note: A SERS disability retiree who returns to work does not fall under the post-retirement employment provisions, but must be reported on the "Retiree Returning to Work Report" form.</p>

PERS and SERS

Type of Employment	Type of Employer(s)	System in which to Report Member
Concurrent ^{3/} in SERS eligible position and PERS eligible position	SERS employer	SERS in SERS
	PERS employer	PERS in PERS

^{3/}. During the same month.

Exemptions for Persons Employed in SERS Eligible Positions

Membership Is Optional For Elected and Governor-Appointed Officials

Elected and Governor-appointed officials are exempted from SERS membership unless they elect to join. They may apply at any time during their current term of office.

“Elected” officials for SERS include:

- Individuals who are elected or appointed to any vacant elective office at a school district or educational service district; or
- Individuals who are active SERS members or were previously active SERS members who become elected or appointed to any state elective position

“Governor Appointed” officials include:

- Individuals who are active SERS members or were previously active SERS members and are appointed directly by the governor to any position, including but not limited to agency directorships and memberships on a state committee, board or commission.

[RCW 41.35.030(2), WAC 415-110-550, WAC 415-110-560, WAC 415-110-570]

Independent Contractors Exempted from SERS

Only an employee of a SERS employer is eligible for SERS membership. Because independent contractors are not employees, they are exempted from SERS membership. DRS applies the common law right of control test to determine if a worker is an employee or an independent contractor. Because of the complexity of the test, it is often difficult to determine if a person is an independent contractor without auditing the working situation. If you have questions about determining if a person is an independent contractor, contact PERS/SERS Retirement Services. [WAC 415-02-110]

Professional Services

If an employee earns less than 50 percent of his or her gross income from the practice of his or her profession from a SERS employer, then the person is exempted from SERS membership. The terms “profession” and “professional services” are not defined in statute or rule, but some occupations that qualify as “professions” include:

- Law
- Engineering
- Medicine
- Lobbying
- Teaching

If you encounter a person working in some occupation other than those listed above, please contact the legal unit at DRS to discuss whether the occupation qualifies as a profession.

SERS Retirees are Exempted from Membership

SERS retirees are exempted from SERS membership. Retirees will only reenter membership if they elect to do so. The option may be exercised prospectively. If a SERS retiree reenters membership, benefits stop until the member retires again.

Note: A service retiree may return to public service, but this may affect the retiree’s pension. Please refer to “Employing Retirees” in Chapter 5 for details about what to do if you hire a retiree.

Note: A disability retiree is not eligible to return to membership unless he or she is receiving comparable compensation as determined by DRS. There is no limitation on eligible employment; the only limitation is dependent upon the compensation earned.

Questions and Answers

The following provides answers to some of the more frequently asked questions regarding membership and reporting requirements for SERS.

Questions Relating to Eligible Positions

- Q1.** A member in an eligible position takes an extended unpaid leave of absence and does not have at least five months with 70 hours or more of compensated employment in a given 12-month period. Is this individual still eligible for membership?
- A1.** Yes. An unpaid leave of absence does not affect the eligibility of a position. If the position normally requires five months of 70 hours or more of compensated employment, then the position is still eligible. The employer should continue to report the employee on the monthly transmittal using status code B.
- Q2.** An eligible position continues for more than a year without requiring the individual in that position to work at least 70 hours a month for five months or more each year. Is the individual in this position eligible for membership?
- A2.** The employer should review the requirements of the position. If this is no longer an eligible position, the employer should separate the employee from the monthly transmittal. If this is still an eligible position, the employer should continue to report the employee on the monthly transmittal.
- Q3.** An eligible position is filled with two individuals each working three hours a day. Are the individuals eligible for membership?
- A3.** Yes. Although separately the individuals do not work 70 hours a month for five months or more each year, the position requires that much work. Each of the individuals is eligible for membership and should be reported on your transmittal.

- Q4.** An employee works in an ineligible position from March 1 through November 10. On November 11, you redefine this as an eligible position. When do you begin reporting the individual in this position?
- A4.** With November's report using November 11 as the begin date. You would report all retirement information for work performed by the individual worked during November—the information for the eligible position *plus* the hours for the ineligible position. All of an employee's work each month is considered as a single position.
- Q5.** During a review, it is discovered that a position that had been defined as ineligible has actually required the employee in the position to work 70 hours or more in at least five months in each of the last two years. What will happen in this case?
- A5.** The position will be declared eligible beginning from the first month of the first year in which employment was for at least 70 hours. The employee will enter membership beginning with that month. The employer must use the monthly transmittal to report all compensation, contributions and hours of service back to the first date of eligibility.

Questions Relating to Temporaries or Classified Substitutes

- Q6.** An employee is hired as a "temporary" or as a "classified substitute" to fill in for someone who is on leave for two weeks. Is this employee eligible for membership and should he or she be reported?
- A6.** It depends. If you place this individual into the absent employee's eligible position, he or she is eligible for membership and must be reported. If you place this individual into an ineligible position that was created to fill such a need, he or she is not eligible for membership and should not be reported.

- Q7.** An employer has created a position designed to fill temporary needs. An employee is regularly hired into this position, doing work on a short-term basis, “filling in” for employees who are absent or on leave. Should the employee in this position be reported?
- A7.** If the employer classifies and documents this work as a separate position, and if the position normally requires less than five months each year with 70 hours or more of compensated employment, then the position is ineligible and the employee should not be reported. If the employee is compensated for 70 or more hours for at least five months for two consecutive years, then the employee should be reported.

Definitions

The following definitions are given for the terms that are used in the SERS Membership section of the Employer Handbook.

Comparable Compensation refers to the compensation a disability retiree receives from an employer that makes him or her eligible to return to SERS membership when all conditions are met. DRS compares the retiree's current compensation to the compensation received prior to the disability retirement to determine comparable compensation.

Compensated employment means salaries or wages earned for hours of employment.

Eligible position is one that normally requires at least five months each year in which regular compensation is earned for at least 70 hours per month in each of two consecutive years.

Normally, as used in the definition of an eligible position, means a position that requires at least five months each year in which regular compensation is earned for at least 70 hours in each of two consecutive years. Once a position is determined to be eligible, it will continue to be eligible if it requires at least five months of 70 or more hours of compensated service during at least one year in any two-year period.

Plan 2 refers to the funding and benefit provisions covering persons who first became members of the retirement system on or after October 1, 1977, and were converted from PERS Plan 2.

Plan 3 refers to the funding and benefit provisions covering persons who first became members of this retirement system on or after September 1, 2000, or who transfer from Plan 2 under RCW 41.35.510.

Position refers to a group of duties and responsibilities normally assigned to an employee. A position may be filled or vacant, full-time or part-time, seasonal, temporary or permanent.

Year, as used in the definition of an eligible position, means any 12 consecutive month period established, and applied consistently, by an employer to evaluate the eligibility of a specific position. In the case of ongoing positions, the year used by the employer must be the same for all positions. In the case of a project or temporary position, the year used may be specific to the position. The term may include, but is not limited to, a school year, calendar year or fiscal year. Employers should document the 12-month period used to define a year for a given position; e.g., January through December, September through August, April through March, etc.

Membership Rules for Prior Periods

The following chart provides a brief summary of the membership rules in effect for prior periods. If you need additional information about SERS eligibility rules, contact PERS/SERS Retirement Services.

Period ^{1/}	Plan 2 and Plan 3
09/01/91 forward	<u>Eligible position:</u> Normally requires at least five months each year in which regular compensation is earned for at least 70 hours per month.
09/01/90 through 08/31/91	<u>Eligible position:</u> Normally requires at least five months each year in which regular compensation is earned for at least 90 hours per month.
04/01/55 through 08/31/90	<u>Eligible position:</u> Normally requires at least five <i>consecutive months</i> each year in which regular compensation is earned for at least 90 hours per month.
03/23/65 through 06/06/90	Employee could work in an eligible position on a temporary basis <i>not to exceed six consecutive months</i> without being brought into SERS membership.

^{1/} For periods from July 23, 1989, forward, all of an employee's work each month for an employer must be considered as a single position.

Note: Although SERS did not become effective until September 1, 2000, the prior period service rules apply to periods such as service with a PERS employer prior to September 1, 2000 that was converted to SERS service.

TRS Membership

A Summary

The information in this section is provided to help you determine an employee's eligibility for membership in the Teachers' Retirement System (TRS).

The actual rules that govern membership are contained in state retirement law. This handbook summarizes those rules in less legalistic terms. It is not a complete description of the law. If there are any conflicts between what is written here and state retirement law, the law will govern.

Employer Responsibilities

As the employer, you have certain responsibilities for enrolling and reporting retirement system members. You will want to keep the following points in mind.

- You are responsible for making the initial determination of an employee's eligibility for membership. The following pages explain the membership rules that currently apply. Review these pages carefully when making your determination.
- You are responsible for reporting all eligible employees from the first day of eligibility. (See Chapters 7 and 8 for instructions on how to report eligible employees.)
- You are responsible for documenting your decision regarding a position's eligibility. You may copy the "Position Eligibility Worksheet" in Chapter 12 to use for this purpose. Your documentation will help protect you in case questions arise about a decision you have made.
- You are responsible for regularly reviewing the determinations you have made. By doing so, you can ensure that you are reporting correctly.

TRS Membership Qualifications

In TRS, a teacher is a person who is qualified to teach and works for a public school as an instructor, administrator or supervisor.

[WAC 415-112-120]

- “Qualified to teach,” at a K-12 school means the person has a teaching certificate issued by the Superintendent of Public Instruction. For community college or university teachers, it means the person is employed by the institution under a contract to teach. [WAC 415-112-015]
- A “public school” includes school districts, educational service districts, the State School for the Deaf, and the State School for the Blind. The Office of the Superintendent of Public Instruction is *not* a public school.

Note: As applied to other TRS employers, “public school” means an institution whose primary function is to educate students where fifty percent or more of the employees are qualified to teach. [WAC 415-112-015, RCW 41.32.010(21)]

- “Instructor” means a qualified teacher performing services as a classroom teacher. [WAC 415-112-015]
- “Administrator or supervisor” means a manager responsible for (a) the administration of a public school; or (b) exercising direction over other employees of the public school. [WAC 415-112-015]

Note: Administrators or supervisors include, but are not limited to, principals, assistant principals, superintendents, assistant superintendents, personnel managers and business managers.

- An “Educational Staff Associate” (ESA) is a person employed by a public school in any of the following positions:
 - Communications Disorders Specialist
 - Occupational Therapist
 - Physical Therapist
 - Reading Resource Technician

- School Counselor
- School Nurse
- School Psychologist
- School Social Worker

A person employed in an ESA position in a public school must hold a certificate authorized by the State Board of Education.

Note: A person employed in an ESA position on or after June 7, 1984, must become a member of TRS. There are instances where a person employed as an ESA prior to June 7, 1984, has membership rights to PERS. If you have this situation, contact TRS Retirement Services for help in determining this person's membership rights.

- A public school employee who is qualified to teach who is not employed as an instructor, administrator or supervisor is not a teacher. A person in such a position cannot be in TRS. Those positions include, but are not limited to, the following:
[WAC 415-112-120]

- Custodian
- Grounds keeper
- Bus driver
- Cafeteria worker
- Library technician
- Administrative assistant
- Payroll clerk

TRS Plan 1 Membership Rules

This section outlines current rules for membership in TRS Plan 1. If you have questions about TRS eligibility, please contact TRS Retirement Services.

Plan 1 Member or Former Plan 1 Member

If you hire a person who has established membership in TRS Plan 1 before October 1, 1977, you must determine whether that person is a “TRS Plan 1 member” or a “*former* TRS Plan 1 member.”

- A “TRS Plan 1 member” means a person who has established membership and has not terminated membership by withdrawing his or her TRS contributions.
- A “*former* TRS Plan 1 member” means a person who separated from service and **withdrew** his or her TRS contributions.

TRS Plan 1 Member

If you hire a TRS Plan 1 member, report the member on the TRS monthly transmittal from the first day of employment unless:

- The member is a substitute teacher (see “Plan 1 Substitute Teachers,” on page 2—5 TRS, on how to report substitute teachers).
- The member works less than 20 days in a school year (July 1 through June 30).

Note: A TRS Plan 1 member working in **any** position for a TRS employer should be reported on the TRS monthly transmittal.

Former TRS Plan 1 Member

If you hire a former TRS Plan 1 member, the following information will help you determine if and how the member should be reported to DRS.

Former TRS Plan 1 Members with **full time contracts**:

A former TRS Plan 1 member who is contracted to teach full time in a public school for 90 calendar days or more is required to be a member of TRS Plan 1. A teacher who is eligible for membership must be reported on the monthly transmittal from the first day of eligible employment.

[RCW 41.32.240]

Former TRS Plan 1 Members with less than full time contracts:

A former TRS Plan 1 member who is contracted to teach less than full time may apply to DRS to reestablish membership in TRS. To reestablish membership, the teacher must:

1. Send a letter requesting TRS membership to TRS Retirement Services. The application for membership cannot be made until after the end of the school year (June 30) in which employment took place.
2. Show proof of employment for the equivalent of 90 full time calendar days during the school year. (A half time contract for 180 days would be equivalent to 90 full time calendar days.)
3. Make all necessary employee contributions by June 30 of the school year immediately following the one in which employment took place.

Once membership is reestablished, the teacher must be reported on the monthly transmittal.

Plan 1 Substitute Teachers

TRS membership and participation is optional for substitute teachers. A substitute teacher may apply for membership and service credit in TRS if he or she is: [WAC 415-112-140]

- a TRS Plan 1 member and works a minimum of 20 full time days during a school year; or
- a former TRS Plan 1 member and works 90 or more full time days during a school year.

Plan 1 Retirees

A TRS Plan 1 retiree who returns to work as a full time teacher is not required to return to TRS membership but may elect to do so if he or she chooses. A retiree who elects to return to membership must be reported on the monthly transmittal.

If you hire a TRS Plan 1 retiree, be sure to report them on the “Transmittal Report” and send to DRS. Refer to the “Employing Retirees” section in Chapter 5 for more details about retirees.

Plan 1 Teachers Elected to Statewide Office

A TRS Plan 1 teacher who is elected to statewide office (for example, state senator) may continue membership in TRS by making a written application to the Director of DRS. If the application is accepted, membership will continue during the term of office.

For further information about membership for elected officials, please contact TRS Retirement Services.

Plan 1 Teachers Working in More than One Position

If you have a teacher working in both a TRS and PERS position during the same school year, the nature of the positions determine how you should report him or her on your transmittal. The member will be reported in either TRS or PERS according to the following tables:

Note: If you have a SERS member working in a TRS position, please contact TRS Retirement Services for more information.

TRS Plan 1 Members

Type of Concurrent Employment ^{1/}	Type of Employer(s)	System in Which to Report Member
A full time or less than full time TRS position and an eligible PERS position	Same employer	TRS— for both positions
	Separate TRS employers	TRS— for both positions
	A TRS employer and non-TRS employer	Member must elect either to: 1. have TRS service reported in PERS and receive service credit in PERS for both positions; or 2. have TRS service reported in TRS and not receive service credit for the PERS position.
A full time or less than full time TRS position and an ineligible PERS position	Same employer	TRS—for both positions
	Separate TRS employers	TRS— for both positions
	A TRS employer and non-TRS employer	TRS— for the TRS position only; the ineligible PERS position is not reportable.

^{1/} “Concurrent” means during the same school year.

Former TRS Plan 1 Members^{1/}

Type of Concurrent Employment^{2/}	Type of Employer(s)	System In Which to Report Member
A substitute or less than full time teaching position and a PERS eligible position	Same employer	PERS—for both positions
	Separate TRS employer	<p>PERS—for PERS position only. The substitute position is not reported unless the person qualifies for and elects to establish TRS membership under RCW 41.32.240.</p> <p>If the person elects to establish TRS membership, each employer reports both positions in TRS. Any previously reported service credit and compensation in PERS will be transferred to TRS.</p>
	A TRS employer and non-TRS employer	<p>PERS—for PERS position only. The substitute part time position is not reported unless the member qualifies for and elects to establish TRS membership under RCW 41.32.240.</p> <p>If TRS membership is established, the member must elect either to:</p> <ol style="list-style-type: none"> 1. have TRS service reported in PERS and receive service credit in PERS for both positions; or 2. have TRS service reported in TRS and not receive service credit for the PERS position.
A full time teaching position and an eligible PERS position	Same employer	TRS—for both positions
	Separate TRS employers	TRS—for both positions
	A TRS employer and non-TRS employer	<p>The member must elect to:</p> <ol style="list-style-type: none"> 1. have TRS service reported in PERS and receive service credit in PERS for both positions; or 2. have TRS service reported in TRS and not receive service credit for the PERS positions.

^{1/} “Former TRS Plan 1 member,” as used here, means membership was terminated by withdrawal of contributions.^{2/} “Concurrent” means during the same school year.

TRS Plan 2 and Plan 3 Membership Rules

This section outlines current rules for membership in TRS Plan 2 and TRS Plan 3 for teachers hired on or after October 1, 1977. If you have questions about TRS eligibility, contact TRS Retirement Services.

TRS Plan 2 and Plan 3 Teachers in Eligible Positions

A Plan 2 or Plan 3 covered teacher contracted to work in an *eligible position* is required to be a member of TRS and must be reported on the monthly transmittal. The teacher must be reported on the transmittal from the first day of employment in the eligible position.

[RCW 41.32.780 and 835]

A position is eligible if:

- The position *normally* requires at least five months each school year (September 1—August 31) in which compensation is earned for at least 70 hours per month. [RCW 41.32.010(37)] [WAC 415-112-015]
 - Normally*, as used in this definition, means the position requires at least five months of at least 70 hours during each of two consecutive school years.
 - “School year” means the twelve-month period from September 1 of one year to August 31 of the following year.

The following questions may assist you in determining the eligibility of a position.

1. Will the position ever require 70 or more hours of compensated employment in a month?
 - If the answer is *no*, the position is not eligible.
 - If the answer is *yes*, ask question 2.
2. Will the position ever require five or more months with at least 70 hours of compensation per month during the school year?
 - If the answer is *no*, the position is not eligible.
 - If the answer is *yes*, ask question 3.
3. Will the position normally meet this standard? Will the position require five months of 70 hours or more during each of two consecutive years?

- If the answer is *no*, the position is not eligible.
- If the answer is *yes*, the position is eligible.

TRS Plan 2 and Plan 3 Teachers in Ineligible Positions

A teacher working for you in an *ineligible position* is not required to be a member of TRS and should not be reported on the monthly transmittal. An ineligible position is any position that *does not* require at least five months during the school year in which compensation is earned for at least 70 hours per month.

Example #1: A position requires part time work for 60 hours each month for the entire year.

Explanation: The position is *not* eligible because employment is for less than 70 hours each month.

Example #2: A position requires full time work for three months each year.

Explanation: The position is *not* eligible because employment is for less than five months each year.

Example #3: A new position is created that is funded for only one year and will then cease to exist. The new position will require full time work.

Explanation: The position is *not* eligible because it will not exist on an on-going basis.

TRS Plan 2 and Plan 3 Teachers Working in More than One Position

The following tables provide information to help you determine how to report a person working in more than one position.

Note: All work a teacher does for you must be combined into one position.

TRS Plan 2 and 3 Members

Type of Concurrent Employment ^{1/}	Type of Employer(s)	System in Which to Report Member
An eligible TRS position and an ineligible PERS position	Same employer	TRS—for both positions
	Separate TRS employers	TRS—for TRS position only; the ineligible PERS position is not reported.
	A TRS employer and non-TRS employer	TRS—for TRS position only; the ineligible PERS position is not reported.
An eligible TRS position and an eligible PERS position	Same employer	TRS—for both positions
	Separate TRS employers	TRS—for both positions ^{2/}
	A TRS employer and non-TRS employer	The member must elect either to: <ol style="list-style-type: none"> 1. have TRS service reported in PERS and receive service credit in PERS for both positions; or 2. have TRS service reported in TRS and not receive service credit for the PERS position.

^{1/} “Concurrent” means during the same school year.

^{2/} Example: A TRS Plan 2 or Plan 3 member teaches in an eligible position. During the summer, the member works for a state agency in an eligible position under PERS. Because the member has established membership in TRS Plan 2 or Plan 3 through employment as a teacher, the state agency employer must report service and compensation from the PERS position to DRS under TRS.

Example: A TRS Plan 2 or Plan 3 member is employed concurrently by School District A in an eligible TRS position and by School District B in an eligible PERS position. Because the member is in TRS, School District B must report service and compensation from the PERS position to DRS in TRS. If the member terminates the TRS employment with School District A, School District B must then report the member for the PERS position in PERS.

PERS Members

Type of Concurrent Employment^{1/}	Type of Employer(s)	System In Which to Report Member
An eligible PERS position and an ineligible TRS or substitute position	Same employer	PERS—for both positions
	Separate TRS employers	PERS—for the PERS position only, unless the person qualifies for and elects to establish membership in TRS at the end of the school year under WAC 415-112-125(1). If the person elects to establish TRS membership, report the member in TRS for both positions. Any previously reported service credit and compensation in PERS will be transferred to TRS.
	A TRS employer and non-TRS employer	PERS—for the PERS position only. The service in the TRS position is not reportable unless the member elects to either: 1. have the TRS service reported in PERS and receive service credit in PERS for both positions: or 2. have the TRS service reported in TRS and not receive service credit for the PERS position.

^{1/} “Concurrent” means during the same school year.

Neither TRS nor PERS Member

Type of Concurrent Employment^{1/}	Type of Employer(s)	System You Will Be Reported In
An ineligible TRS and an ineligible PERS position	Same employer	TRS—for both positions if the positions combined, qualify as an eligible position.
	Separate employers, TRS or non-TRS	Neither position reported
A substitute teaching position and an ineligible PERS position	Same employer	Neither position reported. However, the teacher may elect to establish membership in TRS at the end of the school year for the substitute teaching position under RCW 41.32.013 and WAC 415-112-140.
	Separate employers, TRS or non-TRS	Neither position reported. However, the teacher may elect to establish membership in TRS at the end of the school year for the substitute teaching position under RCW 41.32.013 and WAC 415-112-140.

^{1/} “Concurrent” means during the same school year.

TRS Plan 2 and Plan 3 Retirees

Effective July 1997, a TRS Plan 2 or Plan 3 retiree who returns to work in an eligible position is not required to return to TRS membership but may elect to do so. The option may be exercised prospectively. If a retiree reenters membership, benefits stop until the member again retires.

Note: A service retiree may return to public service but this may affect the retiree's pension. Please refer to "Employing Retirees" in Chapter 5 for details about what to do when you hire a retiree.

TRS Plan 2 or Plan 3 Teachers Elected to Statewide Office

A TRS Plan 2 or Plan 3 teacher who is elected to statewide office; e.g., state senator, may continue membership in TRS by making written application to the Director of DRS. If the application is accepted, membership will continue during the term of office.

For further information about membership for elected officials, please contact the TRS Retirement Services.

Questions and Answers

Questions Relating to Eligible Positions

- Q1.** A TRS Plan 2 or Plan 3 employee is normally contracted to work three hours each day as a kindergarten teacher and three hours each day, for the same employer, as a basic skills instructor. Is the individual eligible for membership?
- A1.** Yes. The individual is considered to be employed in a single eligible position and is required to be a member of TRS. The employee should be reported on the monthly transmittal report.
- Q2.** A TRS Plan 2 or Plan 3 employee is normally contracted to work three hours each day as a teacher and three hours each day, for the same employer, in a non-teaching capacity (for example, a coach, bus driver, or secretary). Since not all the employee's hours are in a teaching capacity, is the employee eligible for membership?
- A2.** Yes. Each of the positions is ineligible but because a portion of the employee's work is as a contracted teacher, the employee is eligible for TRS membership. The employee should be reported on the monthly TRS transmittal report.
- Q3.** A TRS Plan 2 or Plan 3 employee is contracted to work three hours each day as an English teacher and is hired at times, by the same employer, to work as a substitute. Is the individual eligible for membership?
- A3.** No. Hours of employment as a substitute teacher are not considered when determining membership eligibility. The employee should not be reported on the monthly transmittal, but should be provided with a quarterly report. (See "Quarterly Reporting to Substitute Teachers" in Chapter 5 for details.)
- Q4.** A TRS Plan 2 or Plan 3 teacher works in an eligible position from September until March, then quits working for you. You hire another TRS Plan 2 or Plan 3 teacher into the same position for the remaining three months of the school year. Is this second teacher eligible for membership and reported on the monthly transmittal?
- A4.** Yes. For TRS Plan 2 and Plan 3, the position determines the eligibility for membership. The second teacher has been hired into

an eligible position so he or she is required to be a member and must be reported on the monthly transmittal.

- Q5.** Two TRS Plan 2 or Plan 3 teachers are contracted to work in the same position as kindergarten teachers. One teacher works three hours in the morning and the other teacher works three hours in the afternoon. Is each of these teachers eligible for retirement system membership?
- A5.** Yes. Because it is one position being filled with two teachers. Each teacher is eligible and must be reported on your monthly transmittal.

Questions Relating to TRS Members in Higher Education

- Q6.** A TRS member is hired by a community college to substitute in the classroom. Should the employee be reported on the monthly transmittal?
- A6.** No. Substitute teachers are not reported on the monthly transmittal. The employer should provide the substitute with a quarterly report. (See “Quarterly Reporting to Substitute Teachers” in Chapter 5 for details.)
- Q7.** A TRS member is contracted to work for a community college. Should the employee be reported on the monthly transmittal?
- A7.** Different rules apply to Plan 1, Plan 2 and Plan 3 members. A TRS Plan 1 member (a member who has not withdrawn his or her TRS contributions) must be reported on the monthly transmittal from the first day of employment. A TRS Plan 2 or Plan 3 member contracted to work in an eligible position must be reported on the monthly transmittal from the first day of employment. A TRS Plan 2 or Plan 3 member contracted to work in an ineligible position should not be reported on the monthly transmittal but should be provided with a quarterly report.

Definitions

The following definitions are for terms used in the TRS Membership section of the Employer Handbook.

TRS Plan 1 member means a person who established membership before October 1, 1977, and has not terminated membership by withdrawing contributions.

Former TRS Plan 1 member means a TRS Plan 1 member who separated from service and withdrew his or her contributions.

Compensated employment means salaries or wages earned for hours of employment.

Eligible position, applicable to Plan 2 and Plan 3 only, is any position which normally requires at least five months each school year in which compensation is earned for at least 70 hours per month.

Full time, applicable to Plan 1 only, means regular service for four-fifths (80 percent) or more of a school day or an assignment to duties, which are the equivalent of four-fifths (80 percent), or more of a full time assignment.

Normally, as used in the definition of eligible position, means the position requires at least five months each year in which regular compensation is earned for at least 70 hours in each of two consecutive school years. Once a position is determined to be eligible, it will continue to be eligible if it requires at least five months of 70 or more hours of compensated service during at least one school year in any two school-year period.

Plan 1 refers to the funding and benefit provisions covering persons who first became members of the Teachers' Retirement System before October 1, 1977.

Plan 2 refers to the funding and benefit provisions covering persons who first became members of the Teachers' Retirement System on or after October 1, 1977.

Plan 3 refers to the funding and benefit provisions covering persons who first became members of the Teachers' Retirement System on or after July 1, 1996 or who elect to transfer from Plan 2.

School day, for Plan 1 only, means the number of hours for which a full time teacher is compensated. The employer defines a school day. If not defined by the employer, DRS defines a school day as 7 hours.

School year, for Plan 1, means the period from July 1 of one year through June 30 of the following year.

School year, for Plan 2 and Plan 3, means the period from September 1 of one year through August 31 of the following year.

Substitute teacher means a temporary teacher hired on an on-call basis. A teacher employed under a contract that guarantees a minimum number of hours does not qualify as a substitute teacher, even if the person's job is to fill in for absent teachers. Similarly, someone hired to teach a class for the remainder of a semester or school year is not working on an on-call basis and is not a substitute teacher. For Plan 2 and Plan 3, any teacher who works in an ineligible position for more than one TRS employer or works in an ineligible position or positions together with an eligible position are defined as substitutes.

Teacher means any person qualified to teach who is engaged by a public school in an instructional, administrative, or supervisory capacity.

Reporting for Prior Periods

The following table summarizes how to report TRS members for prior periods. If you need additional information about eligibility or reporting for TRS members, please contact TRS Retirement Services.

Period Of Service	Type of Employment	Plan
Prior to 10/01/77 ^{1/}	If you were contracted to teach full time, you were mandated into membership. If you were employed under a less than full time contract and you exercised your option to establish membership prior to 10/01/77, you had the option to apply for membership under RCW 41.32.240, if you worked 90 or more full time days during a fiscal year. ^{2/}	Plan 1
10/01/77 through 06/06/90	If you were contracted to teach full time, you were required to be a member. If you were employed as a substitute teacher or under a less than full time contract, you have the option to apply for membership under RCW 41.32.240 if you worked a minimum of 90 full time days during a school year, provided 1 month had at least 90 hours. ^{2/}	Plan 2
6/07/90 through 08/31/91	You must have been employed in an eligible position as defined in Section 2, Chapter 274, Laws of 1990, (requiring two or more consecutive months of at least 90 hours of compensated employment each month during a school year). For substitute teachers: If you met the above criteria, you may apply for membership and service credit under RCW 41.32.013 and WAC 415-112-140.	Plan 2
9/01/91 through 6/30/96	You must be employed in an eligible position (requiring at least five months of 70 hours or more of compensated employment each month during a school year).	Plan 2
7/1/96 forward	For substitute teachers: If you meet the above criteria, you may apply for membership/service credit under RCW 41.32.013 and WAC 415-112-140.	Plan 3

^{1/}If you previously established Plan 1 membership as detailed above, you may reestablish Plan 1 membership after October 1, 1977.

^{2/} "Ninety days of employment," under RCW 41.32.240 and this section means either:

- (a) Ninety full time calendar days, or the equivalent, during a school year if you were employed as a teacher under a contract; or
- (b) Ninety full time days of actual, compensated service, or the equivalent, during a school year if you were employed as a substitute teacher.
- (c) The "equivalent" of a full time day of employment under (a) and (b) of this subsection is the sum of partial days which, when added together, equals one full time day.

LEOFF Membership

A Summary

The information in this section is provided to help you determine an employee's eligibility for membership in the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).

The actual rules that govern membership are contained in state retirement law. This handbook summarizes those rules in less legalistic terms. It is not a complete description of the law. If there are any conflicts between what is written here and state retirement law, the law will govern.

Employer Responsibilities

As the employer, you have certain responsibilities for enrolling and reporting retirement system members. You will want to keep the following points in mind.

- You are responsible for making the initial determination of an employee's eligibility for membership. The following pages explain the membership rules that currently apply. Review these pages carefully when making this determination.
- You are responsible for reporting all eligible employees from the first day of eligibility. (See Chapters 7 and 8 for instructions on how to report eligible employees.)
- You are responsible for maintaining documentation to support the determinations you make. Your documentation will help protect you in case questions arise about a decision you have made.
- You are responsible for regularly reviewing the determinations you have made. Doing so will help ensure you are reporting correctly.

LEOFF Plan 1 and Plan 2 Membership Rules

This section outlines current rules for membership in LEOFF Plan 1 and Plan 2. If you have questions about these rules, please call LEOFF Retirement Services.

Establishing LEOFF Membership—Law Enforcement Officers

All persons who meet the definition of “law enforcement officer” under RCW 41.26.030(3) are mandated into LEOFF membership (except for persons initially hired on or after August 1, 1971, and before July 1, 1979, who did not meet the minimum medical and health standards). Generally, “law enforcement officer” means any person who is commissioned and employed by an employer on a full time, fully compensated basis to enforce the criminal laws of the state of Washington. Whether a person qualifies as a law enforcement officer depends upon who the employer is and the nature of the position. This section contains the information you need to determine, in most cases, whether a person qualifies as a law enforcement officer under LEOFF.

Is the person employed by a LEOFF employer?

In order to qualify as a law enforcement officer, the person must first be employed by a LEOFF employer. The definition of “employer” for LEOFF varies between Plan 1 and Plan 2.

Plan 1 “Employer” for Plan 1 members includes any city, town, county, district or municipal corporation that employs any law enforcement officer. [RCW 41.26.030(2)(a)]

Plan 2 “Employer” for Plan 2 members includes any city, town, county, district or municipal corporation or any other general authority law enforcement agency.

Note: A “general authority law enforcement agency” means an agency, department, or division of state or local government, whose primary function is to detect and apprehend persons violating traffic or criminal laws in general (other than the Washington state patrol). An example of a general authority law enforcement agency is the University of Washington police department.

“General law enforcement agency” does not include the state Departments of Natural Resources, Corrections, etc. They are considered “limited law enforcement agencies,” because their jurisdiction is limited to particular subject areas rather than general enforcement of criminal laws. [RCW 41.26.030(2) and RCW 41.26.030(32)]

Is the person commissioned, full time and fully compensated?

In order to qualify as a law enforcement officer, an employee of a LEOFF employer must be fully commissioned, full time and fully compensated.

- “Commissioned” means employed as an officer of a general authority Washington law enforcement agency and empowered by that employer to enforce the criminal laws of the state of Washington.

—A person is fully commissioned if he or she is empowered at any time to enforce the laws of the state of Washington generally, including full arrest powers.

—Some persons, such as jailers, have limited commissions. A person with a limited commission does not qualify as a law enforcement officer. Some typical limited commissions restrict powers to a certain time or place; e.g., when transporting prisoners. Other limited commissions may authorize only certain types of arrest—arrests based on outstanding warrants.

If you are unsure whether a person’s commission is full or limited, contact LEOFF Retirement Services.

- “Full time” means regularly scheduled to earn basic salary from an employer for a minimum of 160 hours each calendar month.

Note: An employee does not have to work 160 hours during a given month to be considered full time during that month, provided that the person is regularly scheduled to work 160 hours each month. [WAC 415-104-011]

- “Fully compensated” means the employee earns basic salary *and* benefits from an employer in an amount comparable to the salary received by other full time employees who hold the same or similar rank in a similar position. [WAC 415-104-011]

Law Enforcement Officer Positions

The following positions qualify as law enforcement officers if the person in the position is employed by a LEOFF employer, fully commissioned, full time and fully compensated:

- city police officer;
- town marshal or deputy marshal;
- county sheriff;
- deputy sheriffs who pass a civil service exam for deputy sheriff, possess all of the powers, and may perform any of the duties prescribed by law to be performed by the sheriff;
- port district general authority law enforcement officer (effective January 1, 1994);
- state university or college general authority law enforcement officer (effective January 1, 1994); or
- a commissioned person employed as a public safety officer or director of public safety of a city or town (effective January 1, 1993). The population of the city or town must not have exceeded ten thousand at the time the person first became employed in this position.

—“Director of public safety” means a person who is employed on a commissioned full time, fully compensated basis to administer the programs and personnel of a public safety department.
[WAC 415-104-011]

—“Public safety officer” means a person who is employed on a commissioned full time, fully compensated basis by a city or town to perform both law enforcement and fire fighter duties.
[WAC 415-104-011]

- Unclassified positions authorized by RCW 41.14.070. These positions are:
 - Undersheriff
 - Chief Criminal Deputy
 - Chief Civil Deputy
 - Jail Superintendent
 - Inspector

A person in one of the positions listed in this section is a law enforcement officer regardless of rank or status as a probationary or permanent employee.

Establishing LEOFF Membership—Fire Fighters

All persons who meet the definition of “fire fighter” under RCW 41.26.030(4) are mandated into LEOFF membership (except for persons initially hired on or after August 1, 1971, and before July 1, 1979, who did not meet the minimum medical and health standards). Generally, fire fighter means any person who is serving on a full-time, fully compensated basis as a member of a fire department of an employer and who is serving in a position which requires passing a civil service examination for fire fighter. Supervisory fire fighter personnel qualify as fire fighters. Whether a person qualifies as a fire fighter depends upon who the employer is and the nature of the position. This section contains, in most cases, the information you need to determine whether a person qualifies as a fire fighter under LEOFF.

Is the person employed by a fire department of a LEOFF employer?

In order to qualify as a fire fighter the person must be employed by the fire department of a LEOFF employer. The definition of “employer” for LEOFF varies between Plan 1 and Plan 2.

Plan 1 “Employer” for Plan 1 members includes any city, town, county, district or municipal corporation that employs any fire fighter.
[RCW 41.26.030(2)(a)]

Plan 2 “Employer” for Plan 2 members includes any city, town, county, district, municipal corporation or Washington State University. (A four-year institution of higher education that has a fully operational fire department as of January 1, 1996.)

Is the person a full-time, fully compensated employee?

In order to qualify as a fire fighter, an employee of a LEOFF employer must be full-time and fully compensated as a uniformed fire fighter.

- “Full-time” means regularly scheduled to earn basic salary from an employer for a minimum of 160 hours each calendar month.

Note: An employee does not have to work 160 hours during a month to be considered full-time during that month, provided that the person is regularly scheduled to work 160 hours each month. [WAC 415-104-011]

- “Fully compensated” means the employee earns basic salary *and* benefits from an employer in an amount comparable to the salary received by other full-time employees who hold the same or similar rank in a similar position. Volunteer fire fighters or resident volunteer fire fighters are not fully compensated personnel and do not qualify for LEOFF membership. [WAC 415-104-011 and WAC 415-104-225 (2)(e)]

Is the person a uniformed fire fighter performing fire protection activities?

Whether a person qualifies as a fire fighter is primarily a function of the person’s duties. The following information will help you analyze whether the person’s duties qualify him or her as a fire fighter.

- A person is a fire fighter if he or she is employed in a uniformed fire fighter position by an employer on a full-time, fully compensated basis, and as a consequence of employment, has the legal authority and responsibility to direct or perform fire protection activities that are required for and directly concerned with preventing, controlling and extinguishing fires. [WAC 415-104-225(2)]
 - “Uniformed fire fighter position” means a position which may only be filled by uniformed personnel as that term is defined in RCW 41.56.030(7)(e) as in effect on July 1, 1995. A position only qualifies as a uniformed fire fighter if the employer has identified it as such for all purposes. An employer may designate a position as uniformed regardless of whether the employer is covered by public employees’ collective bargaining under chapter 41.56.RCW. [WAC 415-04-025]
 - “Fire protection activities” may include incidental functions such as housekeeping, equipment maintenance, grounds maintenance, fire safety inspections, lecturing, performing community fire drills and inspecting homes and schools for fire hazards. These activities qualify as fire protection activities only if the primary duty of the position is preventing, controlling or extinguishing fires. [WAC 415-104-225(2)(a)]

Example: A person employed by a fire district as a diesel mechanic, who has no authority or responsibility to fight fires, could not qualify as a fire fighter.

- A person is a fire fighter if he or she qualifies as supervisory fire fighter personnel. [WAC 415-104-225(2)(b)]
- If an employer requires fire fighters to pass a civil service examination, a person must be actively employed in a position that requires passing such an examination in order to qualify as a fire fighter unless he or she qualifies as supervisory fire fighter personnel. [WAC 415-104-225(2)(c)]

Note: A person may still qualify as a fire fighter if the fire department does not require passing a civil service exam for a fire fighting position.

- A person is not a fire fighter if he or she is a volunteer fire fighter or resident volunteer fire fighter. [WAC 415-104-225(2)(e)]

Minimum Medical and Health Standards

A LEOFF member hired as a law enforcement officer or fire fighter on a full time, fully compensated basis may be required to meet minimum medical and health standards in order to regain membership in LEOFF Plan 1.

The employee is required to meet the minimum medical and health standards if he or she:

- was first employed as a law enforcement officer or fire fighter after August 1, 1971, and before October 1, 1977 for LEOFF Plan 1, and on or after October 1, 1977, but before July 1, 1979 for LEOFF Plan 2; and
- has been separated from service for more than six months for reasons other than a disability leave, a disability retirement, a service retirement or an authorized leave of absence.

If you hire a Plan 1 member who is required to pass the minimum medical and health standards, begin reporting the employee in Plan 1 on the monthly transmittal from the first day of employment. The enrollment in Plan 1 is provisional and depends upon the results of the medical examination.

examination report to LEOFF Retirement Services with a letter of certification. DRS will review the examination report and notify you if further action is needed.

If you have questions about the minimum medical and health standards, or whether an employee needs to meet these standards, contact LEOFF Retirement Services.

Less Than Full time Law Enforcement Officers or Fire Fighters

An employee serving as a fire fighter or law enforcement officer on a less than full time and fully compensated basis is not permitted to enter LEOFF membership. The individual may be eligible for membership in PERS, provided the employer participates in PERS and the individual is employed in an eligible PERS position. (See “PERS Membership” in this chapter for details.)

Reemployed LEOFF Retirees

A LEOFF retiree who returns to full time, fully compensated employment as a law enforcement officer or fire fighter is required to return to LEOFF membership. When membership begins, the retiree’s benefits are suspended. The retirement benefit will be recalculated when employment ends and the individual retires again.

A LEOFF retiree who returns to less than full time, fully compensated employment as a law enforcement officer or firefighter is not required to return to membership. He or she may continue to collect a retirement benefit while working. (See “Employing Retirees” in Chapter 5 for details.)

Questions and Answers

The following pages answer some of the more common questions employers have about membership and reporting requirements for LEOFF.

Questions relating to the minimum medical and health standards

- Q1.** A Plan 1 member who is required to meet the minimum medical and health standards is hired as a full time fire fighter. How should this individual be reported?
- A1.** Report the individual in Plan 1 from the first day of employment. If the employee meets the minimum medical and health standards, you will continue reporting the employee in Plan 1. If the employee does not meet the standards, you will be notified by DRS to stop reporting the employee in Plan 1, enroll the employee in Plan 2, and begin reporting the employee in Plan 2 on the monthly transmittal. (See “Minimum Medical and Health Standards” for details.)

Questions relating to eligibility for membership

- Q2.** A law enforcement officer is hired into a full time, fully compensated position, but the position only lasts six months. Is this individual eligible for membership in LEOFF?
- A2.** Yes. There is no requirement in the LEOFF retirement system law that an employee’s position has to continue a certain length of time for the employee to be eligible for membership. An individual establishes membership beginning from the first day of employment on a full time, fully compensated basis.
- Q3.** A person is hired as a full time, fully commissioned and fully compensated law enforcement officer, but the officer has not completed the training required by the Washington Criminal Justice Training Commission. When is this individual eligible for membership in LEOFF?
- A3.** From the first day of employment. There is no requirement that an individual must complete training before being employed on a full time, fully compensated and fully commissioned basis.

- Q4.** An individual is employed as a correctional officer at one of the state correctional institutions. Another individual is employed as a jailer at a county jail facility. Is either of these individuals eligible for membership in LEOFF?
- A4.** No. A correctional officer and a jailer do not meet the definition of a law enforcement officer and are not eligible for membership in LEOFF. These individuals may be eligible for membership in PERS if they are employed in eligible positions for a PERS-covered employer. (See the section called “PERS Membership” in this chapter for details.)
- Q5.** An individual is employed by a fire protection district in a half time position as a firefighter. Another individual works in a half time position for one fire district and works in another half time position for another fire district. Is either of these individuals eligible for membership in LEOFF?
- A5.** No, neither individual is eligible. Employment must be full time and fully compensated. These individuals may be eligible for membership in PERS if they are employed in eligible positions for a PERS-covered employer. (See “PERS Membership” in this chapter for details.)

Definitions

The following definitions are for terms used in the LEOFF Membership section of the Employer Handbook. The complete, legal definition is not provided for terms identified with an “*.” Refer to the appropriate RCW or WAC for the complete definition.

Plan 1 employer* means the legislative authority of any city, town, county, or district or the elected officials of any municipal corporation that employs any law enforcement officer and/or fire fighter. [RCW 41.26.030(2)(a)]

Plan 2 employer means the following entities to the extent that the entity employs any law enforcement officer and/or fire fighter:

- the legislative authority of any city, town, county, or district;
- the elected officials of any municipal corporation;
- the governing body of any other general authority law enforcement officer agency; or
- a four-year institution of higher education having a fully operational fire department as of January 1, 1996.

Law enforcement officer* means any person who is commissioned and employed by an employer on a full time, fully compensated basis to enforce the criminal laws of the state of Washington, generally. [RCW 41.26.030(3)]

Fire fighter* means any person who is serving on a full time, fully compensated basis as a member of a fire department of an employer and who is serving in a position which requires passing a civil service examination for fire fighter, and who is actively employed as such. Fire fighter also means anyone who is actively employed as a full time fire fighter where the fire department does not have a civil service examination. [RCW 41.26.030(4)]

Member* means any law enforcement officer or fire fighter or other persons whose retirement system membership was transferred to LEOFF on or after March 1, 1970. Member also includes every law enforcement officer or fire fighter who is employed in that capacity on or after that date.

Commissioned means employed as an officer of a general authority Washington law enforcement agency and empowered by that employer to enforce the criminal laws of the state of Washington.

Full time means regularly scheduled to earn basic salary from an employer for a minimum of 160 hours each calendar month.

Fully compensated means the employee earns basic salary and benefits from an employer in an amount comparable to the salary received by other full time employees who hold the same or similar rank in a similar position.

Plan 1 means the law enforcement officers' and fire fighters' retirement system providing the benefits and funding provisions covering persons who first became members of the system prior to October 1, 1977.

Plan 2 means the law enforcement officers' and fire fighters' retirement system providing the benefits and funding provisions covering persons who first became members of the system on and after October 1, 1977.

JRS Membership

A Summary

The information in this section is provided to help you determine an employee's eligibility for membership in the Judicial Retirement System (JRS). If you have questions about this information, please call JRS Retirement Services.

The actual rules that govern membership are contained in state retirement law. This handbook summarizes those rules in less legalistic terms. It is not a complete description of the law. If there are any conflicts between what is written here and state retirement law, the law will govern.

Membership Rules

For Periods on or After July 1, 1988

Effective July 1, 1988, membership in JRS was closed to new members. Membership is *only* allowed for judges elected or appointed to the Superior Court, the Court of Appeals or the Supreme Court, who had established JRS membership before July 1, 1988. Judges elected or appointed to the Superior Court, the Court of Appeals or the Supreme Court, who are *not* eligible for JRS membership, may elect to become members of PERS. To establish membership in PERS, the judge must apply for membership under the rules governing elected officials. (See "PERS Membership" in this chapter for details.)

For Periods Prior to July 1, 1988

Any judge elected or appointed to the Superior Court, the Court of Appeals or the Supreme Court, between August 8, 1971, and July 1, 1988, was required to be a member of JRS.

JRS Retirees

A JRS retiree, who is elected or appointed to judicial service in the Superior Court, Court of Appeals or the Supreme Court, is required to return to JRS membership. Membership begins from the first day of employment. When membership resumes, the retiree's pension is suspended until the employment ends.

A JRS retiree who is appointed to *pro tempore* service in the Superior Court, Court of Appeals or Supreme Court is not required to return to JRS membership. The retiree may work up to 810 hours in a calendar year without affecting his or her pension. (See "Employing Retirees" in Chapter 5 for details.)

WSPRS Membership

Membership Rules

Membership in the Washington State Patrol Retirement System (WSPRS) Plan 1 and Plan 2 is limited to commissioned officers of the Washington State Patrol. Membership begins from the date of commission as a Washington State Patrol officer.

Definitions

Plan 1 refers to members commissioned before January 1, 2003. Plan 2 refers to members commissioned on or after January 1, 2003.

For further information about membership in WSPRS, please contact Washington State Patrol Retirement Services at DRS.

Chapter 3: Service Credit

Chapter Overview

This chapter provides information about service credit in the Washington State retirement systems. Refer to this chapter for:

- General information about service credit and its importance to members
- Service credit rules for the retirement systems you report. Your handbook may include information for:
 - Public Employees' Retirement System (PERS)
 - School Employees' Retirement System (SERS)
 - Teachers' Retirement System (TRS)
 - Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
 - Washington State Patrol Retirement System (WSPRS)
 - Judicial Retirement System (JRS)
 - Judges' Retirement Fund (JRF)
- Summaries of service credit rules for prior periods for PERS, TRS and LEOFF members

What is Service Credit

An employee working for you in a position covered by a retirement system earns service credit toward his or her retirement. The amount of service credit an employee earns is based on the time he or she works. For all plans except TRS Plan 1, no more than one month of service may be granted for any calendar month. For TRS Plan 1, no more than one year of service may be granted for any fiscal year.

The Importance of Service Credit

A member must earn service credit in order to qualify for a service retirement benefit. Service credit is used to calculate the amount of a member's monthly retirement benefit. In order to ensure service credit is recorded correctly, employers must report hours or days of service to DRS each month.

A member's monthly retirement benefit is based on both accumulated service credit and average final compensation (AFC) or salary. To determine accumulated service credit, all the years and months of service credit the member earned while working in a given system are added together. To determine the AFC or salary, DRS averages the member's highest months or years of earnings. (The period used for calculating the AFC or salary varies between systems and plans.)

For example, in PERS Plan 2, SERS Plan 2, TRS Plan 2 and LEOFF Plan 2, the monthly retirement benefit is calculated using the following formula:

$$\begin{array}{c} 2 \text{ percent} \\ \times \\ \text{service credit years} \\ \times \\ \text{average final compensation} \\ \text{equals} \\ \text{monthly benefit} \end{array}$$

Note: The AFC for PERS Plan 2, SERS Plan 2, TRS Plan 2 and LEOFF Plan 2 is the monthly average of the 60 consecutive highest paid service credit months.

The following examples show the importance of service credit in calculating retirement benefits. Qualifications for retirement and the percentages used in benefit calculations vary between systems and plans. For more information, members should refer to the member handbooks.

Examples of Retirement Benefit Calculations

- A PERS Plan 2 member retires at age 65 with 25 years service credit and a monthly AFC of \$2500. The member's monthly retirement benefit will be \$1250.

$$\begin{array}{l} 2\% \times 25 \text{ years} = 50\% \\ 50\% \times \$2500 = \$1250 \end{array}$$

- A second PERS Plan 2 member retires at age 65 with 20 years service credit and the same AFC. The member's monthly retirement benefit will be \$1000.

$$\begin{array}{l} 2\% \times 20 \text{ years} = 40\% \\ 40\% \times \$2500 = \$1000 \end{array}$$

The Importance of Service Credit in Prior Periods

From January 1987 through August 1991, service credit carried additional importance for employers. During that period, for members of PERS Plan 1 and Plan 2, TRS Plan 2 and LEOFF Plan 2, contributions were not due unless service credit was earned. An employer determined whether an employee had earned service credit each month before deciding to pay employer and employee contributions. For details about service credit rules for prior periods, refer to the information on Service Credit and Contributions for each system later in this chapter.

How is Service Credit Earned

Each retirement system and plan has rules about how service credit is earned. In general, a member earns service credit for each month or year in which he or she works a certain number of hours or days. TRS Plan 1 members earn one year of service credit for working 144 days or more, or a fraction of a year, if they work between 20 and 144 days in a fiscal year. Since September 1, 1991, for PERS Plan 2, SERS Plan 2, TRS Plan 2, LEOFF Plan 2, since July 1, 1996, for TRS Plan 3, since September 1, 2000, for SERS Plan 3 and as of March 1, 2002, for PERS Plan 3, members can earn *partial service credit* (either $\frac{1}{4}$ or $\frac{1}{2}$ of a full month) for working fewer than the number of hours required for a full month of service credit. PERS Plan 1 members can earn either $\frac{1}{4}$ or a full month of service credit in a month.

For members of PERS, SERS Plan 2 and Plan 3, TRS Plan 2 and Plan 3, LEOFF, JRS and WSPRS, service credit is measured in months. Service credit for members of TRS Plan 1 is measured in years. Basic rules of service credit for each system are explained later in this chapter.

Service Credit for Certain Types of Leaves

In some circumstances, members may also earn or purchase service credit for military leave, disability leave or unpaid leave of absence authorized by an employer. Rules vary between systems and plans. A member who needs more information should refer to the appropriate member handbook.

Service Credit Reported on Member's Annual Statement

Each year, DRS provides you with an annual statement for each employee who is a member of a retirement system. The statements incorporate the member's individual account information with details about the system and plan and how a benefit is calculated at retirement. The annual statements are sent to you for distribution. Statements are sent to education employers each November and non-educational employers receive statements in March.

Information on the annual statements include service credit earned by the member for the prior year (calendar or school year, depending on the type of employer) and the member's total service credit and, for all except TRS Plan 3 and SERS Plan 3 members, contribution and interest account information. If you or the member suspect an error on the annual statement, contact the appropriate Retirement Services Unit at DRS.

PERS Service Credit

A Summary

This section contains information about service credit for members of the Public Employees' Retirement System (PERS), including elected officials. This information applies to members working for such PERS-covered employers as state agencies, libraries, public utility districts and fire protection districts. This information does not apply to PERS members working for education employers. For rules for those members, refer to the section called PERS Education Service Credit.

Rules governing service credit are contained in state retirement law. This handbook summarizes those rules in less legalistic terms. It is not a complete description of the law. If there are any conflicts between what is written here and state retirement law, the law will govern.

Service Credit Rules (except for Elected Officials)

The following information explains how PERS members earn service credit while working in eligible positions. If you have questions about a member's service credit, contact PERS Retirement Services.

September 1, 1991, and After

Plan 1

A PERS Plan 1 member earns service credit for each month of employment in an eligible position.

- A member compensated for 70 hours or more earns one month of service credit.
- A member earning some compensation but for less than 70 hours in a month earns $\frac{1}{4}$ month of service credit.

Plan 2 or Plan 3

A PERS Plan 2 or Plan 3 member earns service credit for each month of employment in an eligible position.

- A member compensated for 90 hours or more earns one month of service credit.
- A member compensated for at least 70 hours but less than 90 hours earns $\frac{1}{2}$ month of service credit.
- A member earning some compensation but for less than 70 hours earns $\frac{1}{4}$ month of service credit.

Prior to September 1, 1991

Plan 1

Before September 1, 1991, a PERS Plan 1 member in an eligible position earned service credit on a monthly basis as follows:

- If compensated for 70 hours or more, the member earned one month of service credit.
- If compensated for less than 70 hours in a month, the member did not earn service credit for that month.

Plan 2 or Plan 3

Before September 1, 1991, a PERS Plan 2 or Plan 3 member in an eligible position earned service credit on a monthly basis as follows:

- If compensated for 90 hours or more, the member earned one month of service credit.
- If compensated for less than 90 hours, the member did not earn service credit for that month.

Service Credit Rules for Elected Officials

The following section explains how PERS elected officials earn service credit. This information applies to:

- individuals elected to state or local office;
- individuals appointed directly by the Governor to vacant elective offices or agency directorships;
- individuals appointed directly by the Governor to membership on state committees, boards or commissions; and
- city managers or chief administrative officers.

For information about membership for elected officials, refer to the section called “PERS Membership” in Chapter 2.

If you have questions about service credit for elected officials, contact PERS Retirement Services and ask for “*A Guide for Elected and Governor-Appointed Officials.*”

September 1, 1991, and After

Plan 1

A PERS Plan 1 elected official earns service credit on a monthly basis as follows:

- An individual elected to state or local office that receives any compensation in a month earns one month of service credit. (This rule remains unchanged from prior periods.)
- An individual appointed by the Governor to a vacant elective office or an agency directorship who receives any compensation in a month earns one month of service credit. (This rule remains unchanged from prior periods.)
- An individual appointed by the Governor to membership on a state board, commission, or committee earns service credit for each month of employment as follows:
 - If compensated for 70 hours or more in a month, the member earns one month of service credit.

—If compensated for less than 70 hours in a month, the member earns $\frac{1}{4}$ month of service credit.

Note: A different rule applies to individuals appointed by the Governor to a committee, board or commission on or before June 30, 1976. Contact PERS Retirement Services for information.

- A city manager or chief administrative officer earns service credit for each month of employment as follows:

—If compensated for 70 hours or more in a month, the member earns one month of service credit.

—If compensated for less than 70 hours in a month, the member earns $\frac{1}{4}$ month of service credit.

Plan 2 or Plan 3

A PERS Plan 2 or Plan 3 elected official earns service credit on a monthly basis as follows:

- An individual elected to statewide office that receives any compensation in a month earns one month of service credit.
- An individual elected to local office (city, county, etc.) or an individual appointed by the Governor to statewide office must be compensated for more than 90 times the state minimum wage in a month in order to qualify for monthly service credit. An individual who meets the wage qualification earns service credit for each month of employment as follows:
 - If compensated for 90 hours or more, the member earns one month of service credit.
 - If compensated for at least 70 hours but less than 90 hours, the member earns $\frac{1}{2}$ month of service credit.
 - If compensated for less than 70 hours, the member earns $\frac{1}{4}$ month of service credit.
- An individual appointed by the Governor to a state board, commission, or committee must be compensated for more than 90 times the state minimum wage in a month in order to qualify for monthly service credit.

- A city manager or chief administrative officer earns service credit for each month of employment as follows:
 - If compensated for 90 hours or more, the member earns one month of service credit.
 - If compensated for at least 70 hours but less than 90 hours, the member earns $\frac{1}{2}$ month of service credit.
 - If compensated for less than 70 hours, the member earns $\frac{1}{4}$ month of service credit.

Rules prior to September 1, 1991

Plan 1

Before September 1, 1991, a PERS Plan 1 elected official earned service credit for each month of employment as follows:

- An individual elected to state or local office that received any compensation in a month earned one month of service credit.
- An individual appointed by the Governor to a vacant elective office or an agency directorship who received any compensation in a month earned one month of service credit.
- A city manager or chief administrative officer earned service credit for each month of employment as follows:
 - If compensated for 70 hours or more in a month, the member earned one month of service credit.
 - If compensated for less than 70 hours, the member did not earn service credit for that month.

Plan 2 or Plan 3

Prior to September 1, 1991, a PERS Plan 2 or Plan 3 elected or appointed official earned service credit for each month of employment as follows:

- An individual elected to statewide office that received any compensation in a month earned one month of service credit.

- An individual elected to local office (city, county, etc.) or an individual appointed by the Governor to state office had to be compensated for more than 90 times the state minimum wage in a month in order to qualify for monthly service credit. An individual who met the wage qualification earned service credit for each month of employment as follows:
 - If compensated for 90 hours or more, the member earned one month of service credit.
 - If compensated for less than 90 hours, the member did not earn service credit for that month.
- An individual appointed by the Governor to a state board, commission, or committee earned service credit for each month of employment as follows:
 - If compensated for 90 hours or more, the member earned one month of service credit.
 - If compensated for less than 90 hours, the member did not earn service credit for that month.
- A city manager or chief administrative officer earned service credit for each month of employment as follows:
 - If compensated for 90 hours or more, the member earned one month of service credit.
 - If compensated for less than 90 hours, the member did not earn service credit for that month.

Service Credit and Contributions

September 1, 1991, and After

Because a PERS member earns at least partial service credit in any month in which he or she earns compensation, an employer must take contributions on any amount of reportable compensation earned on or after September 1, 1991.

January 1, 1987, through August 31, 1991

For earning periods from January 1987 through August 1991, for Plan 1, Plan 2 and Plan 3, employee and employer contributions were due only when a member earned service credit. When a member did not earn service credit, no contributions were due. To determine whether a member was earning service credit during these earning periods, consult the guidelines on the preceding pages.

Note: During the period from January 1987 through August 1991, a member could consolidate hours of employment with more than one employer to earn service credit if each position was eligible. If a member's hours from all eligible positions totaled 70 hours or more (PERS Plan 1) or 90 hours or more (PERS Plan 2) in a month, contributions were due on all reportable compensation paid to the employee that month.

Prior to January 1, 1987

Before January 1, 1987, for all plans, contributions were due on all regular compensation earned by a member working in an eligible position, whether or not service credit was earned.

PERS—A Table of Service Credit Rules*	
Plan 1	Plan 2 and Plan 3
<p>On or after September 1, 1991</p> <p><i>A member employed in an eligible position earns service credit as follows:</i></p> <p>70 hours or more of compensation in a month = one month of service credit</p> <p>Some compensation, but less than 70 hours in a month = $\frac{1}{4}$ month of service credit</p>	<p>On or after September 1, 1991</p> <p><i>A member employed in an eligible position earns service credit as follows:</i></p> <p>90 hours or more of compensation in a month = one month of service credit</p> <p>At least 70 hours but less than 90 hours of compensation in a month = $\frac{1}{2}$ month of service credit</p> <p>Some compensation, but less than 70 hours in a month = $\frac{1}{4}$ month of service credit</p>
<p>Prior to September 1, 1991</p> <p><i>A member employed in an eligible position earned service credit as follows:</i></p> <p>70 hours or more of compensation in a month = one month of service credit</p> <p>Some compensation but less than 70 hours in a month = 0 service credit</p>	<p>Prior to September 1, 1991</p> <p><i>A member employed in an eligible position earned service credit as follows:</i></p> <p>90 hours or more of compensation in a month = one month of service credit</p> <p>Some compensation, but less than 90 hours in a month = 0 service credit</p>

* This summary does not apply to elected officials. Refer to preceding pages for service credit rules for elected officials.

PERS Education Service Credit

A Summary

This section contains information about service credit for members of the Public Employees' Retirement System (PERS) working for education employers. The information in this section applies only to school districts, educational service districts, higher education institutions, community and technical colleges, the State School for the Deaf, and the State School for the Blind.

Rules governing service credit are contained in state retirement law. This handbook summarizes those rules in less legalistic terms. It is not a complete description of the law. If there are any conflicts between what is written here and state retirement law, the law will govern.

Service Credit Rules

The following section explains how PERS Education members earn service credit while working in eligible positions. If you have questions, contact PERS Retirement Services.

Note: For the purposes of granting service credit in all periods described below, the school year is September 1 through August 31.

September 1, 1991, and After

Plan 1

A PERS Plan 1 member working for an educational employer earns 12 months of service credit if all three of the following requirements are met. The member must:

- be employed in an eligible position;
- earn compensation in nine months of the school year; and
- be compensated for 630 hours or more.

Note: A member cannot earn service credit for months before employment in an eligible position. For example, a member who meets the criteria for a full year of service credit but is not employed in an eligible position until October can receive only eleven months of service credit that year.

A PERS Plan 1 member in an eligible position who does not meet the criteria for yearly service credit earns monthly service credit.

- When compensation is earned for 70 hours or more in a month, the member earns one month of service credit.
- When compensation is earned for less than 70 hours, the member earns $\frac{1}{4}$ month of service credit.

Plan 2 or Plan 3

A PERS Plan 2 or Plan 3 member working for an educational employer earns 12 months of service credit if all three of the following requirements are met. The member must:

- be employed in an eligible position;
- earn compensation in nine months of the school year; and
- be compensated for 810 hours or more.

A PERS Plan 2 or Plan 3 member who does not meet the criteria to earn a full year of service credit earns $\frac{1}{2}$ year (six months) of service credit if the member is:

- employed in an eligible position;
- compensated in nine months of the school year; and
- compensated for at least 630 hours but less than 810 hours.

A Plan 2 or Plan 3 member in an eligible position who does not meet the criteria to earn a full year or $\frac{1}{2}$ year of service credit earns monthly service credit as follows:

- A member compensated for 90 hours or more in a month earns one month of service credit.
- A member compensated for at least 70 hours but less than 90 hours in a month earns $\frac{1}{2}$ month of service credit.
- A member compensated for less than 70 hours in a month earns $\frac{1}{4}$ month of service credit.

Note: A member cannot earn service credit for months before employment in an eligible position. For example, a member who meets the criteria for a full year of service credit but is not employed in an eligible position until October can receive only 11 months of service credit that year.

September 1, 1990, through August 31, 1991

Plan 1

During the period from September 1, 1990, through August 31, 1991, a PERS Plan 1 member working for an educational employer earned 12 months of service credit if the member was:

- employed in an eligible position;
- compensated in nine months of the school year; and
- compensated for 630 hours or more in the school year.

A PERS Plan 1 member in an eligible position who did not meet the requirements to earn a full year of service credit earned service credit on a monthly basis as follows:

- A member compensated for 70 hours or more in a month earned one month of service credit.
- A member compensated for less than 70 hours in a month did not receive service credit for that month.

Note: For periods of service on and after September 1, 1990, a member cannot earn service credit for months before employment in an eligible position. For example, a member who meets the criteria for a full year of service credit but is not employed in an eligible position until October can receive only 11 months of service credit that year.

Plan 2 or Plan 3

During the period from September 1, 1990, through August 31, 1991, a PERS Plan 2 or Plan 3 member working for an educational employer earned 12 months of service credit if the member was:

- employed in an eligible position;
- compensated in nine months of the school year; and
- compensated for 810 hours or more in the school year.

A PERS Plan 2 or Plan 3 member in an eligible position who did not meet the requirements to earn a full year of service credit earned service credit on a monthly basis as follows:

- A member compensated for 90 hours or more in a month earned one month of service credit.
- A member compensated for less than 90 hours in a month did not earn service credit for that month.

Note: For periods of service on and after September 1, 1990, a member cannot earn service credit for months before employment in an eligible position. For example, a member who meets the criteria for a full year of service credit but is not employed in an eligible position until October can receive only 11 months of service credit that year.

Prior to September 1, 1990

Plan 1

Before September 1, 1990, a PERS Plan 1 member working for an educational employer earned 12 months of service credit if the member:

- was employed in an eligible position,
- was continuously employed for nine months, and
- earned service credit in at least nine calendar months of the contract or school year. (A member earned service credit when compensated for at least 70 hours of employment in a month.)

A PERS Plan 1 member in an eligible position who did not meet the requirements to earn a full year of service credit earned service credit on a monthly basis as follows:

- A member compensated for 70 hours or more in a month earned one month of service credit.
- A member compensated for less than 70 hours in a month did not receive service credit for that month.

Note: Before September 1, 1990, there were some exceptions to the service credit rules. Refer to the section “Exceptions...” on pages 3—6 PERS ED for information about:

- school district employees who fell below 70 hours a month between September 1, 1983, and August 31, 1990; and
- employees with a contract year other than September 1 through August 31.

Plan 2 or Plan 3

Before September 1, 1990, a PERS Plan 2 member working for an educational employer earned 12 months of service credit if the member:

- was employed in an eligible position;
- was continuously employed for nine months; and
- earned service credit in at least 9 calendar months of the contract or school year. (Members earned service credit if they received compensation for at least 90 hours of employment in a month.)

A PERS Plan 2 or Plan 3 member in an eligible position who did not meet the requirements to earn a full year of service credit earned service credit on a monthly basis as follows:

- A member compensated for 90 hours or more in a month earned one month of service credit.
- A member compensated for less than 90 hours in a month did not earn service credit for that month.

Note: Before September 1, 1990, there were some exceptions to the service credit rules. Refer to the section “Exceptions . . .” on pages 3—6 PERS ED for information about:

- school district employees who fell below 90 hours a month between September 1, 1983, and August 31, 1990; and
- employees with a contract year other than September 1 through August 31.

Exceptions for Periods Prior to September 1, 1990

Prior to September 1, 1990, the following exceptions applied to PERS Plan 1 members working for education employers.

School District Employees—Scheduled School Closures

From the 1983—84 school year through the 1989—90 school year, school district employees may have earned service credit although their hours fell below 70. This exception applied in calendar months when the school closed for a vacation period of five or more consecutive calendar days (including Saturday and Sunday).

- A Plan 1 member in an eligible position earned service credit for such a month if the member was compensated for an average of at least $3\frac{1}{2}$ hours for each day the school was open during the month.

Note: Beginning January 1987, status code C was used to report a member qualified for service credit in those months.

Contract Year Other Than September 1—August 31

Before September 1, 1990, employers were required to notify DRS of a Plan 1 member's contract year if:

- the member's contract year covered a period other than September 1 through August 31, and
- the member met the annual service credit rule (even if he or she worked and earned service credit in less than 12 months of the year).

Employees of Educational Service Districts

Prior to September 1990, Plan 1 members employed by educational service districts were not eligible for a full year of service credit unless they worked at least 70 hours in all 12 months.

Service Credit and Contributions

September 1, 1991, and After

Because a PERS member earns at least partial service credit in any month in which he or she earns compensation, an employer should always take contributions on any amount of reportable compensation earned on or after September 1, 1991.

January 1, 1987, through August 31, 1991

For earning periods from January 1987 through August 1991, employee and employer contributions were due only when a member earned service credit. When a member did not earn service credit, no contributions were due. To determine whether a member was earning service credit during that period, refer to the section “Service Credit Rules” on the preceding pages.

Note: During this period a member could consolidate hours of employment with more than one employer to earn service credit if each position was eligible. If a member’s hours from all eligible positions totaled 70 or more (PERS Plan 1) or 90 or more (PERS Plan 2 or Plan 3) in a month, contributions were due on all reportable compensation paid to the employee that month.

Prior to January 1, 1987

Before January 1, 1987, contributions for all plans were due on all regular compensation earned by a member working in an eligible position, whether or not service credit was earned.

PERS Education Employers A Table of Current Service Credit Rules	
Plan 1	Plan 2 and Plan 3
<p>On or after September 1, 1991</p> <p><i>A member employed in an eligible position earns service credit as follows:</i></p> <p>If compensated in nine months of the school year and for 630 hours or more = 12 months of service credit*</p> <p><i>A member employed in an eligible position who does not qualify for a full year of service credit earns service credit as follows:</i></p> <p>70 hours or more of compensation in a month = one month of service credit</p> <p>Some compensation but less than 70 hours in a month = $\frac{1}{4}$ month of service credit</p>	<p>On or after September 1, 1991</p> <p><i>A member employed in an eligible position earns service credit as follows:</i></p> <p>If compensated in nine months of the school year and for 810 hours or more = 12 months of service credit*</p> <p>If compensated in nine months of the school year and for at least 630 hours but less than 810 hours = 6 months of service credit</p> <p><i>A member employed in an eligible position who does not qualify for a full or half year of service credit earns service credit as follows:</i></p> <p>90 hours or more of compensation in a month = one month of service credit</p> <p>70 hours but less than 90 hours of compensation in a month = $\frac{1}{2}$ month of service credit</p> <p>Some compensation, but less than 70 hours in a month = $\frac{1}{4}$ month of service credit</p>

* On and after September 1, 1990, a member cannot earn service credit for any month prior to employment in an eligible position. For example, a member who meets the criteria for a full year of service credit but is not employed in an eligible position until October can receive only 11 months of service credit for that year.

SERS Service Credit

A Summary

This section contains information about service credit for members of the School Employees' Retirement System (SERS). This information applies to members working for school districts and educational service districts.

Rules governing service credit are contained in state retirement law. This handbook summarizes those rules in less legalistic terms. It is not a complete description of the law. If there are any conflicts between what is written here and state retirement law, the law will govern.

Service Credit Rules (except for Elected Officials)

The following information explains how SERS members earn service credit while working in eligible positions. If you have questions about a member's service credit or elected and Governor-appointed officials service credit, contact PERS/SERS Retirement Services.

Note: If a SERS member was employed with a school district or educational service district prior to September 2000, the educational service credit rules (PERS Education) in affect at that time apply; those rules are outlined in this chapter.

Note: If a SERS member worked for a non-education employer; e.g., state agency or county, prior to September 2000, the PERS service credit rules (versus PERS Education) in affect at that time apply. (See pages 3- 1 PERS through 3—4 PERS for a summary of the PERS service credit rules.)

September 1, 1991, and After

A SERS member working for an educational employer earns 12 months of service credit if all three of the following requirements are met. The member must:

- be employed in an eligible position;
- earn compensation in nine months of the school year; and

- be compensated for 810 hours or more.

A SERS member who does not meet the criteria to earn a full year of service credit earns $\frac{1}{2}$ year (six months) of service credit if the member is:

- employed in an eligible position;
- compensated in nine months of the school year; and
- compensated for at least 630 hours but less than 810 hours.

A SERS member in an eligible position who does not meet the criteria to earn a full year or $\frac{1}{2}$ year of service credit earns monthly service credit as follows:

- A member compensated for 90 hours or more in a month earns one month of service credit.
- A member compensated for at least 70 hours but less than 90 hours in a month earns $\frac{1}{2}$ month of service credit.
- A member compensated for less than 70 hours in a month earns $\frac{1}{4}$ month of service credit.

Note: A member cannot earn service credit for months before employment in an eligible position. For example, a member who meets the criteria for a full year of service credit but is not employed in an eligible position until October can receive only 11 months of service credit that year.

September 1, 1990, through August 31, 1991

During the period from September 1, 1990, through August 31, 1991, a SERS member working for an educational employer earned 12 months of service credit if the member was:

- employed in an eligible position;
- compensated in nine months of the school year; and
- compensated for 810 hours or more in the school year.

A SERS member in an eligible position who did not meet the requirements to earn a full year of service credit earned service credit on a monthly basis as follows:

- A member compensated for 90 hours or more in a month earned one month of service credit.
- A member compensated for less than 90 hours in a month did not earn service credit for that month.

Note: For periods of service on and after September 1, 1990, a member cannot earn service credit for months before employment in an eligible position. For example, a member who meets the criteria for a full year of service credit but is not employed in an eligible position until October can receive only 11 months of service credit that year.

Prior to September 1, 1990

Before September 1, 1990, a SERS member working for an educational employer earned 12 months of service credit if the member:

- was employed in an eligible position;
- was continuously employed for nine months; and
- earned service credit in at least nine calendar months of the contract or school year. (Members earned service credit if they received compensation for at least 90 hours of employment in a month.)

A SERS member in an eligible position who did not meet the requirements to earn a full year of service credit earned service credits on a monthly basis as follows:

- A member compensated for 90 hours or more in a month earned one month of service credit.
- A member compensated for less than 90 hours in a month did not earn service credit for that month.

Note: Before September 1, 1990, there were some exceptions to the service credit rules. Refer to the Section “Exceptions...” on page 3—4 for information about:

- school district employees who fell below 90 hours a month between September 1, 1983, and August 31, 1990;
- employees with a contract year other than September 1 through August 31; and
- members employed by educational service districts.

Exceptions for Periods Prior to September 1, 1990

Prior to September 1, 1990, the following exceptions applied to SERS members working for education employers.

School District Employees—Scheduled School Closures

From the 1983—84 school year through the 1989—90 school year, school district employees may have earned service credit although their hours fell below 90. This exception applied in calendar months when the school closed for a vacation period of five or more consecutive calendar days (including Saturday and Sunday).

- A SERS member in an eligible position earned service credit for such a month if the member was compensated for an average of at least 4½ hours for each day the school was open during the month.

Note: Beginning January 1987, status code C was used to report a member qualified for service credit in those months.

Contract Year Other Than September 1—August 31

Before September 1, 1990, employers were required to notify DRS of a member's contract year if:

- the member's contract year covered a period other than September 1 through August 31, and
- the member met the annual service credit rule (even if he or she worked and earned service credit in less than 12 months of the year).

Employees of Educational Service Districts

Prior to September 1990, SERS members employed by educational service districts were not eligible for a full year of service credit unless they worked at least 90 hours in all 12 months.

Service Credit and Contributions

September 1, 1991, and After

Because a SERS member earns at least partial service credit in any month in which he or she earns compensation, an employer must take contributions on any amount of reportable compensation earned on or after September 1, 1991.

January 1, 1987, through August 31, 1991

For earning periods from January 1987 through August 1991, employee and employer contributions were due only when a member earned service credit. When a member did not earn service credit, no contributions were due. To determine whether a member was earning service credit during these earning periods, consult the guidelines on the preceding pages.

Note: During the period from January 1987 through August 1991, a member could consolidate hours of employment with more than one employer to earn service credit if each position was eligible. If a member's hours from all eligible positions totaled 90 hours or more in a month, contributions were due on all reportable compensation paid to the employee that month.

Prior to January 1, 1987

Before January 1, 1987, contributions were due on all regular compensation earned by a member working in an eligible position, whether or not service credit was earned.

SERS Plan 2 and Plan 3 Employers A Table of Service Credit Rules

On or after September 1, 1991

A member employed in an eligible position earns service credit as follows:

If compensated in nine months of the school year and for 810 hours or more = 12 months of service credit.*

If compensated in nine months of the school year and for at least 630 hours but less than 810 hours = 6 months of service credit.

A member employed in an eligible position who does not qualify for a full or half year of service credit earns service credit as follows:

90 hours or more of compensation in a month = one month of service credit

70 hours but less than 90 hours of compensation in a month = $\frac{1}{2}$ month of service credit.

Some compensation, but less than 70 hours in a month = $\frac{1}{4}$ month of service credit.

* On or after September 1, 1990, a member cannot earn service credit for any month prior to employment in an eligible position. For example, a member who meets the criteria for a full year of service credit but is not employed in an eligible position until October can receive only 11 months of service credit for that year.

TRS Service Credit

A Summary

This section contains information about service credit for members of the Teachers' Retirement System (TRS). The information in this section applies to members reported on the transmittal and to substitute teachers who may apply for service credit.

Rules that govern service credit are contained in state retirement law. This handbook summarizes those rules in less legalistic terms. It is not a complete description of the law. If there are any conflicts between what is written here and state retirement law, the law will govern.

Service Credit Rules

Plan 1—All Periods

TRS Plan 1 members earn service credit annually. A member earns a full year or a fraction of a year of service credit based on the number of days of employment.

- If employed for 144 full time days or more, the member earns one year of service credit for the fiscal year (July—June).
- If employed for at least 20 but less than 144 full time days during the year, the member earns a fraction of a year of service credit. The amount of service credit is based on the number of days of employment. For example, if a member has 120 days of employment, the member earns .67 of a year of service credit (120 divided by 180 days = .67).

Plan 2 or Plan 3—September 1, 1991, and After

A TRS Plan 2 or Plan 3 member earns 12 months of service credit if the member is:

- employed in an eligible position;
- compensated in nine months of the school year;
- compensated for 810 hours or more in the year; and

- employed during the month of September.
- A member cannot earn service credit for months before employment in an eligible position. A member who meets the criteria for a full year of service credit but is not employed in an eligible position until October can receive only 11 months of service credit that year.

A TRS Plan 2 or Plan 3 member earns six months of service credit if the member is:

- employed in an eligible position;
- compensated in nine months of the school year; and
- compensated for at least 630 hours but less than 810 hours in the year.

A TRS Plan 2 or Plan 3 member who does not meet the criteria for earning a full year or ½ year of service credit earns service credit for each month of employment as follows.

- A member compensated for 90 hours or more in a month earns one month of service credit.
- A member compensated for at least 70 hours but less than 90 hours earns ½ month of service credit.
- A member receiving some compensation but for less than 70 hours in a month earns ¼ month of service credit.

Plan 2 or Plan 3—Prior to September 1, 1991

Before September 1991, a TRS Plan 2 or Plan 3 member earned a full year of service credit if the member was:

- employed in an eligible position;
- compensated in nine months of the school year; and
- compensated for 810 hours or more in the school year.

Note: A member cannot earn service credit for months before employment in an eligible position. For example, a member who meets the criteria for a full year of service credit but is not employed in an eligible position until October can receive only 11 months of service credit that year.

A TRS Plan 2 or Plan 3 member who did not meet the criteria to earn a full year of service credit earned service credit on a monthly basis. A member compensated for 90 hours or more in a month earned one month of service credit.

- A member compensated for less than 90 hours in a month did not receive service credit for that month.

Note: Legislation passed in 1991 granted retroactive partial service credit to certain TRS Plan 2 members for the period from October 1977 through December 1986. Six months of service credit was granted for any school year in which a TRS Plan 2 member worked on a half time contract, if the member paid contributions.

Service Credit and Contributions

Plan 1—All Earning Periods

A TRS Plan 1 member earns a full year or a fraction of a year of service credit for each year in which the member earns compensation for at least 20 full time days (or the equivalent). Contributions are due on any reportable compensation.

A member compensated for less than 20 days should receive a refund of contributions for that year. Contact TRS Retirement Services for more information.

Plan 2 and Plan 3—September 1, 1991, forward

Because a Plan 2 or Plan 3 member earns at least partial service credit in any month in which he or she earns compensation, an employer should always take contributions on any amount of reportable compensation earned on or after September 1, 1991.

January 1, 1987, through August 31, 1991

For a TRS Plan 2 or Plan 3 member for earning periods from January 1987 through August 1991, employee and employer contributions were taken only when a member earned service credit. During that period, when a

member did not earn service credit, no contributions were due. To determine whether a member was earning service credit during that period, consult the service credit rules described on the preceding pages.

Prior to January 1, 1987

For a TRS Plan 2 or Plan 3 member for earning periods before January 1987, employee and employer contributions were due on all compensation earned, whether or not service credit was earned.

Purchasing Optional Service Credit

Members of TRS may also be eligible to acquire service credit under other circumstances, including substitute teaching, out-of-state service, military service that interrupts employment, and authorized unpaid leaves of absence. A member who needs more information should contact TRS Retirement Services.

TRS—A Table of Service Credit Rules	
Plan 1	Plan 2 and Plan 3
<p>All Periods</p> <p><i>A member earns service credit as follows:</i></p> <p>If compensated for 144 full time days or more = 1 year of service credit</p> <p>If compensated for at least 20 full time days but less than 144 full time days = part year of service credit (number of days employed divided by 180)</p> <p>If compensated for less than 20 full time days = 0 service credit</p>	<p>On or after September 1, 1991</p> <p><i>A member employed in an eligible position earns service credit as follows:</i></p> <p>If compensated in nine months of the school year and for 810 hours or more = 12 months of service credit*</p> <p>If compensated in nine months of the school year, and for at least 630 hours but less than 810 hours = 6 months of service credit</p> <p><i>A member employed in an eligible position who does not qualify for a full or half year of service credit earns service credit as follows:</i></p> <p>90 hours or more of compensation in a month = one month of service credit</p> <p>At least 70 hours but less than 90 hours of compensation in a month = ½ month of service credit</p> <p>Some compensation but less than 70 hours in a month = ¼ month of service credit</p> <p>Prior to September 1, 1991</p> <p><i>A member employed in an eligible position earns service credit as follows:</i></p> <p>If compensated in nine months of the school year and for 810 hours or more = 12 months of service credit*</p> <p><i>A member employed in an eligible position who does not qualify for yearly service credit earns service credit as follows:</i></p> <p>90 hours or more of compensation in a month = one month of service credit</p> <p>Some compensation but less than 90 hours in a month = 0 service credit</p>

* A member cannot earn service credit for any month before employment in an eligible position. For example, a member who is not employed in an eligible position until October would receive only 11 months of service credit although he or she may otherwise meet the annual criteria.

LEOFF Service Credit

A Summary

This section contains information about service credit for members of the Law Enforcement Officers' and Fire Fighters' Retirement System. The information is provided to help you understand how service credit is earned.

Rules that govern service credit are contained in state retirement law. This handbook summarizes those rules in less legalistic terms. It is not a complete description of the law. If there are any conflicts between what is written here and state retirement law, the law will govern.

Service Credit and Contributions

Plan 1—All periods

A LEOFF Plan 1 member earns one month of service credit for each month in which he or she earns basic salary for 70 or more hours. A Plan 1 member who earns basic salary for less than 70 hours in a month does not earn service credit in that month unless the member is on disability leave or is on suspension for no more than 30 days.

Retirement contributions are due on all basic salary paid to a LEOFF Plan 1 member regardless of the number of hours the member works. Contributions should not be deducted from a disability leave allowance paid to a member.

Plan 2—September 1, 1991, and After

Since September 1, 1991, a LEOFF Plan 2 member who earns basic salary from one or more employers in a month receives a month or a fraction of a month of service credit.

- A member earning basic salary for 90 or more hours in a month earns one month of service credit.
- A member earning basic salary for at least 70 but less than 90 hours in a month earns $\frac{1}{2}$ month of service credit.

- A member earning some basic salary but for less than 70 hours in a month earns $\frac{1}{4}$ month of service credit.

Because a LEOFF Plan 2 member earns at least partial service credit in any month in which he or she earns basic salary, an employer should always take contributions on any amount of basic salary earned on or after September 1, 1991.

Note: Membership in LEOFF Plan 2 requires full time, fully compensated employment. For more information, see the section called “LEOFF Membership” in Chapter 2.

Previous rules

January 1, 1987, through August 31, 1991

Before September 1, 1991, a LEOFF Plan 2 member who earned basic salary for 90 or more hours in a month earned one month of service credit. A member who earned basic salary for less than 90 hours in a month did not earn service credit for that month. If a member did not earn service credit for earning periods from January 1987 through August 1991, employer and employee contributions were not due.

Note: For the period from January 1987 through August 1991, a member could consolidate hours of employment with more than one employer to earn service credit. If a member’s hours from all LEOFF-covered positions totaled 90 or more in a month, contributions were due on all basic salary earned that month.

Prior to January 1, 1987

Before January 1, 1987, a LEOFF Plan 2 member who earned basic salary for 90 or more hours in a month earned one month of service credit. A member who earned basic salary for less than 90 hours in a month did not earn service credit for that month. Contributions were due on all basic salary earned.

Optional Service Credit

A member of LEOFF Plan 2 may also be eligible to acquire service credit under other circumstances, including an authorized unpaid leave of absence or temporary disability leave. A member who needs more information should contact LEOFF Retirement Services.

LEOFF—A Table of Service Credit Rules	
Plan 1	Plan 2
<p>All Periods</p> <p><i>A member who earns basic salary earns service credit as follows:</i></p> <p>70 hours or more in a month = one month of service credit</p> <p>Less than 70 hours in a month = 0 service credit (For exceptions, see the section “Service Credit and Contributions”)</p>	<p>On or after September 1, 1991</p> <p><i>A member who earns basic salary from one or more employers earns service credit as follows:</i></p> <p>90 hours or more in a month = one month of service credit</p> <p>At least 70 hours but less than 90 hours in a month = ½ month of service credit</p> <p>Some salary, but less than 70 hours in a month = ¼ month of service credit</p>
	<p>Prior to September 1, 1991</p> <p><i>A member who earns basic salary from one or more employers earns service credit as follows:</i></p> <p>90 hours or more in a month = one month of service credit</p> <p>Some salary, but less than 90 hours in a month = 0 service credit</p>

JRS and JRF Service Credit

Judicial Retirement System

A member of the Judicial Retirement System (JRS) earns one month of service credit for each full month of compensated service. A member does not earn service credit for serving only part of a month, with one exception. In the calendar month at the beginning or end of a term, a member who holds office for at least 10 days earns one month of service credit. For any earning period, retirement contributions are due on all compensation earned, regardless of the number of hours worked.

Judges' Retirement Fund

Members of the Judges' Retirement Fund (JRF) earn service credit in years or fractions of years. A member earns one year of service credit for each full 12-month period of compensated service. At retirement, if there is a 12-month period, which is not complete, the member also earns a fraction of a year of service credit. For any earning period, retirement contributions are due on all compensation earned, regardless of the number of hours worked.

WSPRS Service Credit

Service Credit and Contributions

A Washington State Patrol Retirement System (WSPRS) member earns one month of service credit for each month in which he or she earns basic salary for 70 or more hours. A WSPRS member who earns basic salary for less than 70 hours in a specific month does not earn any service credit in that month.

Note: For any earning period, retirement contributions are due on all basic salary earned regardless of the number of hours a member works.

A member who needs more information about service credit should contact Washington State Patrol Retirement System.

Optional Service Credit

In some circumstances, members may also earn service credit for military leave, cadet service or disability leave. A member who needs more information should contact the Washington State Patrol Retirement System.

Chapter 4: Reportable Compensation

Chapter Overview

This chapter provides information about compensation that is reportable to the Washington State retirement systems. Refer to this chapter for:

- General information about reportable compensation and its importance to members
- Tables summarizing payment types and a short answer of whether they are reportable for the retirement systems you report
- Cross references to relevant statutes (RCW) and rules (WAC)

The Revised Code of Washington (RCW) and the Washington Administrative Code (WAC) may be available to you through your legal advisor. A copy of the first fifty pages of a specific RCW or WAC can be ordered directly from the Office of the Code Reviser at no cost. For RCWs, call (360) 786-6777; for WACs, call (360) 786-6686. The RCWs and WACs may also be found at [http:// leg.wa.gov/rcw](http://leg.wa.gov/rcw).

If you have questions regarding the information contained in this chapter, please contact the appropriate retirement services unit at DRS.

What is Reportable Compensation?

Reportable compensation is the portion of salary or wages you pay to your employees that is used to determine retirement system contributions. It is also the compensation used to calculate retirement benefits. Not all salary or wages are reported to DRS.

Reportable compensation is defined in rule as “earnable compensation” for TRS (RCW 41.32.010), “compensation earnable” for PERS (RCW 41.40.010), and “basic salary” for LEOFF (RCW 41.26.030). “Reportable compensation” is the term used for WSPRS (RCW 43.43.120). DRS coined the term “reportable compensation” so the same term could be used when discussing compensation in the different retirement systems.

The Importance of Reportable Compensation

Reporting compensation incorrectly could result in a member's retirement account at DRS not having the appropriate interest applied, or the member having to pay retroactive contributions on compensation that should have been reported. If a retiree's monthly retirement benefit is overstated, DRS must recover the amount overpaid. If adjustments to a member's account or a retiree's monthly benefit are necessary, it may cause a financial liability for both employer and the member.

PERS Reportable Compensation

A Summary

This section contains information about reportable compensation for members of the Public Employees' Retirement System (PERS). "Is the payment for services rendered?" is the basic statutory standard used to determine whether most payments qualify as reportable compensation. This section discusses the general application of this standard.

The actual rules that govern reportable compensation are contained in state retirement laws. This section is a summary of those laws and is not intended to be a full description of the laws. If there are any conflicts between what is written in this section and state retirement law, the law will govern.

If you have questions regarding the information contained in this section, contact the PERS Retirement Services.

What is Reportable Compensation?

In order for a payment to be subject to retirement system contributions and included in the calculation of a member's retirement benefit, the payment must meet the definition of *compensation earnable* in RCW 41.40.010(8). "Reportable compensation" is defined in rule as "compensation earnable." The term "reportable compensation" was coined by DRS to use the same term when discussing compensation in different retirement systems.

Reportable Compensation is Based upon the Nature of the Payment

DRS determines reportable compensation based upon the nature of the payment you make to an employee, not the name given to it. To determine if a payment is reportable compensation, consider the following:

- what the payment is for; and
- whether the reason for the payment brings it within the statutory definition of compensation earnable.

Example: A payment conditioned upon retirement is not reportable compensation. Attaching the label “longevity” to the payment does not change the fact that the payment is conditioned on retirement. Such a payment is not for services rendered and will not be counted as reportable compensation despite being identified by the employer as a longevity payment.

What Payments Qualify as Reportable Compensation?

The basic statutory standard for determining whether a payment qualifies as reportable compensation is if the payment is for services rendered. To determine whether a payment meets this definition and is to be reported, ask the following questions:

1. Was the payment earned as a salary or wage for services rendered?
 - If the answer is no, the payment is not reportable.
 - If the answer is yes, ask the next question.
2. Was the payment paid by the employer to an employee?
 - If the answer is no, the payment is not reportable.
 - If the answer is yes, the payment is reportable.

Example: If you are in a third party employer/employee situation or have an employee contracting services, contact PERS Retirement Services for assistance in determining if the compensation needs to be reported.

Payments considered to be for services rendered

- Base salary or wages you pay to your employees for services rendered is reportable compensation.
- Sick and annual leave is accumulated over time and paid to a person during a period of excused absence. The paid leave is deferred compensation for services previously rendered and is reportable.
- Earned severance pay is reportable compensation for PERS Plan 1 only if it is earned over time in the same manner as annual and sick leave. The employment contract or compensation policy in effect at the beginning of the employment period must specify that a certain amount of severance pay will be earned during that employment period in consideration for services rendered. Severance pay that qualifies as reportable compensation and is earned within the member’s AFC period, is excess compensation.

Example: Mr. Jones is a PERS Plan 1 member employed as the town accounting clerk. At the beginning of his employment, his contract specified that he would earn one week of severance pay for every year of employment. The earned severance pay will be paid at the time of his separation. This severance pay is reportable. At the time Mr. Jones retires, the two weeks of severance pay earned during his two highest paid years; i.e., one week per year for two years, is included in his PERS Plan 1 retirement benefit calculation. Because this pay is used in the benefit calculation, it results in an excess compensation billing to his employer.

Note: Severance pay not earned over time is not reportable.

Note: For PERS Plan 2 and Plan 3 no type of severance pay is reportable compensation.

- Bonuses that are based upon meeting certain performance goals are for services rendered and are reportable.

Example: An employer pays each employee in a work group an additional \$100 if the work group had no work related accidents in the preceding year. Remaining accident free is a performance goal. Therefore, the payment is reportable. The bonus should be prorated over each of the preceding twelve months during which it was earned.

- A retroactive salary increase paid to an employee who worked during the period covered by the retroactive payment increase is a salary or wage for services rendered and is reportable.
- Longevity or educational attainment—A member who receives a salary increase based upon longevity or educational attainment receives a higher salary without working more hours. The higher salary indicates a higher level of service due to greater experience or more education. The payment is a payment for service and is reportable compensation.
- Cafeteria plans—Compensation received in any form under the provisions of a “cafeteria plan,” “flexible benefits plan,” or similar arrangement according to the provisions of section 125 of the United States Internal Revenue Code is reportable compensation if the employee has an absolute right to receive cash or deferred cash payments in lieu of the fringe benefits offered. In such an instance, the fringe benefit is provided instead of cash and is considered reportable compensation the same as cash. If there is no cash

option, the value of the fringe benefit is not a salary or wage and is not reportable.

- Deferred wages (payments earned by, but not paid to, an employee)—Payments earned by an employee for services rendered but deducted from his or her salary rather than paid are reportable. Examples include:
 - Tax withholding
 - Retirement contributions
 - Voluntary deductions; i.e., 403b contributions or other authorized deductions.

Reportable compensation not for services rendered

In general, payments cannot be considered reportable compensation unless they are for services rendered. Some payments are reportable that are *not* for services rendered. A description of these payments is included in WAC 415-108-463 through 510.

The following are payments *not* for services rendered that may be reportable.

- Paid leave not earned over time—may be reportable if:
 - The payment is equal to the salary for the position from which the employee is on leave; and
 - The payment is actually from the employer.
- Union leave—salary may be reportable if:
 - The leave of absence is authorized by a collective bargaining agreement that provides the member shall retain seniority rights with the employer during the period of leave; and
 - The compensation reported does not exceed the salary paid to the highest paid job class covered by the collective bargaining agreement.

Note: Refer to DRS Notice 93-014 for more information about reporting an employee who takes a leave of absence to serve as an elected official of a labor organization.

- Legislative leave—salary foregone may be reportable if:

Plan 1. The salary the employee would have earned from his or her employer if the member contributions are paid by the member and the employer contributions are paid by the member or the employer.

Plan 2 and Plan 3. The employee chooses between:

—Option 1: The reportable compensation he or she would have earned had the member not served in the legislature; or

—Option 2: The actual reportable compensation for nonlegislative public employment and the legislative service combined.

Note: If the employee selects Option 1, he or she is responsible for paying the additional employer and employee contributions on any difference between the Option 1 and Option 2 amounts.

- Compensation authorized by statute for periods of absence due to sickness or injury—Certain types of payments for periods of absence due to illness or injury have been identified by statute as reportable compensation. These payments are:

—Assault pay for employees of the state library, state institutions and state correctional institutions only.

—Shared leave—for state employees only.
(See RCW 41.04.650 - 670.)

—The regular salary an employee would have received had he or she not been absent due to an injury which occurred on the job. In order for this to be reportable compensation, the employee must be receiving benefits under Title 51 RCW (Industrial Insurance) or a similar federal workers' compensation program. Refer to RCW 41.40.038 for the rules about reporting this payment type.

Note: Whether this salary is reported on the monthly transmittal or the service credit is purchased retroactively, no more than 12 consecutive months of service credit will be granted. If a member returns to work for at least one month, he or she may be eligible for another 12 consecutive months of service credit regardless of whether the disability leave is due to a flare-up of the original injury.

Refer to DRS Notice 94-006 for more information about reporting employees who are on a leave of absence due to a temporary duty disability.

- Standby pay is excluded from the definition of service (see RCW 41.40.010(9)); however, it is specifically identified as reportable compensation in RCW 41.40.010(8).
- Reinstatement or payment in lieu of reinstatement—if an employer makes payments to an employee for periods the employee was not employed and those payments are made upon reinstatement or in lieu of reinstatement, the payments are reportable.

Sick, Annual and Personal Leave Usage

Sick leave, annual leave and personal leave are typically accumulated over time and paid to a person during a period of excused absence. Leave accrues at a prescribed rate, usually a certain number of hours per month. The employee earns a leave day by rendering service during the month the leave was accumulated. When the employee uses his or her accrued leave to take a paid day off, the payment is deferred compensation for services previously rendered. The payment is a salary or wage earned for services rendered and is reportable.

Cash out payments for sick, annual and personal leave

If an employee receives payment instead of using accrued leave, he or she receives a “cash out” for the accrued leave. Cash outs are reportable for PERS Plan 1 members only. Cash outs are excluded by statute from the definition of reportable compensation for PERS Plan 2 and Plan 3 members (see RCW 41.40.010(8)(b)). (Rules effective 3/1/02.)

The following cash outs are reportable for PERS Plan 1 members only.

- Annual Leave Cash Outs
 - For state government employees—cash outs for annual leave for up to 30 days (240 hours) are reportable compensation. Cash outs for annual leave in excess of 30 days (240 hours) may be reportable if special rules are followed (see RCW 43.01.040 and RCW 43.01.044).
 - For non-state government employees, *all* annual leave cash outs for PERS Plan 1 members qualify as reportable compensation.

Note: Annual leave cash outs for more than 30 days or 240 hours in the highest average compensation period used to calculate a

retirement benefit will result in an excess compensation billing.
(Refer to “Excess Compensation” on page 4—10 PERS.)

- Sick Leave Cash Outs are excluded from reportable compensation for:
 - State government employees
 - School district employees
 - Educational service district employees

Sick leave cash outs are reportable compensation for local government employees.

Note: Sick leave cash outs in the highest average compensation period used to calculate a retirement benefit will result in an excess compensation billing.

Payments not Considered Reportable Compensation

The following payments are not for services rendered and are not reportable.

- Fringe Benefits—payments made by an employer to a third party to provide benefits for an employee are not part of the employee’s salary or wage and are not reportable. Examples of these payment types are insurance premiums and employer retirement contributions.
- Disability Insurance—payments for disability insurance are not for services rendered and are not reportable. These payments are made to an employee because he or she is not able to render services due to a disability.
- Workers’ Compensation—payments to a member are not payments for services rendered and are not reportable. This is true whether the payments come from the Department of Labor and Industries or from a self-insured employer.

Note: Some employers have an employee on unpaid disability leave submit his or her worker’s compensation payments to the employer and then issue the employee a check through their payroll system. This exchange does not change the nature of the worker’s compensation payments and does not make the payments reportable. An employee may elect to make contributions and receive service credit for periods of disability covered by industrial insurance (see RCW 41.40.038).

- Illegal Payments—made by an employer in excess of the employer’s legal authority are not reportable.

Example: School districts are prohibited from increasing an employee’s salary to include a payment in lieu of a fringe benefit, per RCW 28A.400.220. If a district increased a person’s salary instead of providing a fringe benefit, the payment would be illegal and should not be reported.

- Optional Payments—if an employee can receive an additional payment only on the condition of taking an action other than providing service, the payment is not for services rendered and is not reportable.

Example: An employer offers to make a contribution to a deferred compensation plan on behalf of an employee only if the employee agrees to defer a portion of his or her salary. Because the employee does not have an absolute right to receive the contribution based solely on the rendering of service, the payment is not reportable compensation.

- Reimbursements for Expenses—incurred while performing services for an employer are not wages for services rendered and are not reportable. Examples of reimbursement expenses include mileage reimbursements for use of a private car on employer business or meal and lodging reimbursements for business trips.
- Retirement Bonus or Incentive—a payment made to an employee as a bonus or incentive to retire or terminate is not a payment for services rendered and is not reportable.
- Severance Pay—not earned over time—severance pay negotiated, because of a termination settlement or agreement, is not earned for services rendered and is not reportable.

Example: At the time of an employee’s termination the employer agrees to pay a lump sum payment equal to two months of salary. The employer identifies this payment as “severance pay.” Because the payment was not earned for services rendered, it is not reportable compensation.

- Car Allowance—some employers pay car allowances instead of reimbursing for actual miles driven in the employee’s car for the employer’s business. These payments are not for services rendered and are not reportable.

- Disability Retirees—PERS Plan 1—payments are not reportable until they meet the “gainful occupation” requirements under RCW 41.40.310 even though the employee may be in an eligible position. Contact PERS Retirement Services for a determination of “gainful occupation.”
- Disability Retirees—PERS Plan 2 and Plan 3—payments are not reportable until they meet the “comparable compensation” requirements under RCW 41.40.670 for Plan 2 and 41.40.825 for Plan 3 even though the employee may be in an eligible position. Contact PERS Retirement Services for a determination of “comparable compensation.”

Establishing Service Credit for Periods of Unpaid Leave

In some circumstances, a PERS Plan 2 or Plan 3 member may elect to establish service credit for periods of unpaid leave. The regular compensation the member would have earned had he or she been working is used to calculate the amount the member must pay to establish the service credit. The regular compensation amount used to create the bill is not reportable compensation. Depending on the type of leave, this compensation may or may not be included as AFC in calculating a member’s retirement benefit.

- Authorized Unpaid Leave—RCW 41.40.710 and 41.40.805 provides members with an option to establish service credit for periods of unpaid leave. Salary used to calculate the contributions for such periods is not reportable compensation and cannot be included as AFC in calculating a member’s retirement benefit.
- Military Leave—Salary used for purposes of calculating contributions owing for a period of interrupted military service is not reportable compensation. If a member elects to purchase credit for periods of military service, and the military leave period falls within the member’s AFC period, federal law requires the salary the member would have earned during the period of absence be used in the calculation of the AFC.

Nonmoney Maintenance Compensation—PERS Plan 1

Employees may receive nonmoney items from employers that may be a form of payment for services rendered. “Nonmoney maintenance compensation” means the fair market value of materials legally furnished by an employer to an employee or the employee’s dependents for *personal use*. If an employer provides materials for an employee’s personal use, the

value of the use is nonmoney maintenance and is reportable for PERS Plan 1 only.

Example: Mr. Smith's employer leases an apartment for \$700 per month. The employer charges Mr. Smith \$300 per month to use the apartment for temporary living quarters. Because Mr. Smith uses the apartment for personal rather than business purposes, the amount by which the lease value exceeds his payment is nonmoney maintenance compensation. His employer must report \$400 per month to DRS as reportable compensation.

If an employer provides an employee materials instead of reimbursement for a business expense, the value of the materials is not reportable compensation.

Note: Nonmoney maintenance compensation is not reportable for PERS Plan 2 or Plan 3.

Excess Compensation

Some types of reportable compensation for PERS members qualify as "excess compensation" if included in the calculation of a retirement benefit. Excess compensation is defined in RCW 41.50.150.

If a payment qualifies as excess compensation, the employer is billed for the resulting increase in the retiree's benefit to offset the increased cost to the trust funds. The employer's bill is based on the present value of the increase to the retiree's benefit. Present value is calculated using actuarial tables developed by the Office of the State Actuary and adopted into WAC by DRS. Excess compensation for PERS Plan 1 members includes:

- A cash out of annual leave in excess of 240 hours. Cash out means:
 - Any payment added to salary or wages concurrent with a reduction of annual leave; or
 - Any payment made instead of an accrual of annual leave.

Example: An employer's collective bargaining agreement provides that once an employee accrues 240 hours of annual leave, the employee will not earn any additional annual leave. Instead, the employer will pay the person each month for the value of the leave the person would have accrued that month. For instance, if the employee earned 14 hours of annual leave each month and already had 240 hours of annual leave, the employer would pay the employee for an additional 14 hours each month. The employee's leave balance would remain at 240 hours. The payment qualifies

as a cash out, and to the extent it is used during the AFC period, is excess compensation.

- Any payment (overtime) that is greater than twice the regular daily or hourly rate qualifies as excess compensation.

Note: Payment of double time and a half for work on a holiday does not violate this provision. The standard compensation for work done on the holiday is compensated at time and a half. The standard compensation for the holiday, plus time and a half for working after regular work hours, equals double time and a half. Accordingly, the employee is not earning more than twice his or her regular rate of pay for the work done on the holiday.

- Any termination or severance pay. Note that a termination or severance payment, which does not qualify as reportable compensation, would not be excess compensation because it is not reportable.
- Payment for extra work done in which the assignment of extra duties was based upon the employee's notification of intent to terminate or retire. (See the "Retirement Bonus or Incentive" paragraph on page 4—8 PERS.)

Note: Refer to DRS Notices 84-002, 95-010 and 98-001 for more information about excess compensation.

Excess compensation for PERS Plan 1 and Plan 2 members includes:

- A cash out of any form of leave other than annual. The most common example is sick leave. Any sick leave cash out that is included in a retiree's AFC qualifies as excess compensation.

Note: If you are a state agency or an educational employer, do not report sick leave cash outs for your employees. Sick leave cash outs are not included in the employee's retirement benefit calculation.

- If a portion of an allowance or reimbursement qualifies as reportable compensation; i.e., car allowance, that portion is excess compensation. Generally, allowances and reimbursements do not qualify as reportable compensation.

Reportable Compensation Table

The table provided on pages 4—13 PERS and 4—14 PERS is a quick reference guide to help characterize payments for PERS Plan 1, Plan 2 and Plan 3. The short answer refers you to the WAC that states why the payment does or does not qualify as reportable compensation. Review the full text of the WAC to be sure you have correctly identified the payment in question.

PERS REPORTABLE COMPENSATION TABLE

Type of Payment	PERS 1 Reportable Compensation	PERS 2 and 3 Reportable Compensation
Annual Leave Cash Outs	Yes — WAC 415-108-456	No — WAC 415-108-456
Assault Pay (State Emp.)	Yes — WAC 415-108-468	Yes — WAC 415-108-468
Base Rate	Yes — WAC 415-108-451	Yes — WAC 415-108-451
Car Allowances	No — WAC 415-108-485 ¹	No — WAC 415-108-485
Cafeteria Plans	Yes — WAC 415-108-455	Yes — WAC 415-108-455
Deferred Wages	Yes — WAC 415-108-459	Yes — WAC 415-108-459
Disability Payments	No — WAC 415-108-477	No — WAC 415-108-477
Disability Retirees	No — RCW 1.40.310 ² (until requirements are met)	No — RCW 1.40.670 ² (until requirements are met)
Disability: Salary lost while on disability leave	Yes — WAC 415-108-468 RCW 41.40.038	Yes — WAC 415-108-468 RCW 41.40.038
Employer Provided Vehicle	No — WAC 415-108-480 ³	No — WAC 415-108-480
Employer Contributions	No — WAC 415-108-459	No — WAC 415-108-459
Fringe Benefits	No — WAC 415-108-475	No — WAC 415-108-475
Illegal Payments	No — WAC 415-108-482	No — WAC 415-108-482
Legislative Leave	Yes — WAC 415-108-464	Yes — WAC 415-108-464
Longevity/Education Attainment Pay	Yes — WAC 415-108-451	Yes — WAC 415-108-451
Nonmoney Maintenance	Yes — WAC 415-108-470 ⁴	No — WAC 415-108-470
Optional Payments	No — WAC 415-108-483	No — WAC 415-108-483
Payments in Lieu of Excluded Items	No — WAC 415-108-463	No — WAC 415-108-463
Performance Bonuses	Yes — WAC 415-108-453	Yes — WAC 415-108-453

¹ A portion of the value of an employer car allowance may be reportable. See WAC 415-108-485.

² See DRS Notice 94-006; you may find on the DRS Web site under DRS Notices by Subject.

³ A portion of the value of an employer provided vehicle may be reportable in Plan 1 only.

⁴ A portion of the value of nonmoney maintenance provided may be reportable in Plan 1 only.

(Continued on next page)

PERS REPORTABLE COMPENSATION TABLE (Continued)

Type of Payment	PERS 1 Reportable Compensation	PERS 2 and 3 Reportable Compensation
Retroactive Salary Increase	Yes — WAC 415-108-457	Yes — WAC 415-108-457
Reimbursements	No — WAC 415-108-484	No — WAC 415-108-484
Reinstatement Payments	Yes — WAC 415-108-467	Yes — WAC 415-108-467
Retirement or Termination Bonuses	No — WAC 415-108-487	No — WAC 415-108-487
Severance Pay – Earned Over Time	Yes — WAC 415-108-458	No — WAC 415-108-458
Severance Pay – Not Earned Over Time	No — WAC 415-108-488	No — WAC 415-108-488
Shared Leave – State Employees	Yes — WAC 415-108-468	Yes — WAC 415-108-468
Shared Leave – Local Government Employees	No — WAC 415-108-468	No — WAC 415-108-468
Sick Leave Cash Outs – State Employees	No — WAC 415-108-456	No — WAC 415-108-456
Sick Leave Cash Out – Local Government Employees	Yes — WAC 415-108-456	No — WAC 415-108-456
Standby Pay	Yes — WAC 415-108-469	Yes — WAC 415-108-469
Time Off With Pay	Yes — WAC 415-108-456 WAC 415-108-465	Yes — WAC 415-108-456 WAC 415-108-465
Union Leave ⁵	Yes — WAC 415-108-466	Yes — WAC 415-108-466
Worker's Compensation	No — WAC 415-108-479	No — WAC 415-108-479

⁵ Only specific types of union leave are reportable. See WAC 415-108-466.

SERS Reportable Compensation

Overview

Note: The rules for the School Employees' Retirement System (SERS) are the same as for the Public Employees' Retirement System (PERS) Plan 2 as it relates to reportable compensation. Refer to the PERS section for descriptive examples as appropriate.

The table for SERS reportable compensation is on the following pages.

SERS Reportable Compensation Table

Type of Payment	SERS Plan 2 and Plan 3 Reportable Compensation
Annual Leave Cash Outs	No — WAC 415-110-456
Assault Pay (State Emp.)	No — WAC 415-110-468
Base Rate	Yes — WAC 415-110-451
Car Allowances	No — WAC 415-110-485
Cafeteria Plans	Yes — WAC 415-110-455
Deferred Wages	Yes — WAC 415-110-459
Disability Payments	No — WAC 415-110-477
Disability Retirees	No — RCW 41.35.440/RCW 41.35.690 (until requirements are met)
Disability: Salary lost while on disability leave	Yes — WAC 415-110-468 RCW 41.35.070
Employer Provided Vehicle	No — WAC 415-110-480
Employer Contributions	No — WAC 415-110-459
Fringe Benefits	No — WAC 415-110-475
Illegal Payments	No — WAC 415-110-482
Legislative Leave	Yes — WAC 415-110-464
Longevity/Education Attainment Pay	Yes — WAC 415-110-451
Nonmoney Maintenance	No — WAC 415-110-470
Optional Payments	No — WAC 415-110-483
Payments in Lieu of Excluded Items	No — WAC 415-110-463
Performance Bonuses	Yes — WAC 415-110-453

SERS Reportable Compensation Table (Continued)

Type of Payment	SERS Plan 2 and Plan 3 Reportable Compensation
Retroactive Salary Increase	Yes — WAC 415-110-457
Reimbursements	No — WAC 415-110-484
Reinstatement Payments	Yes — WAC 415-110-467
Retirement or Termination Bonuses	No — WAC 415-110-487
Severance Pay – Earned Over Time	No — WAC 415-110-458
Severance Pay – Not Earned Over Time	No — WAC 415-110-488
Shared Leave – School/ ESD Employees	Yes — WAC 415-110-468
Sick Leave Cash Outs – School/ ESD Employees	No — WAC 415-110-456
Standby Pay	Yes — WAC 415-110-469
Time Off With Pay	Yes — WAC 415-110-456 WAC 415-110-465
Union Leave ¹	Yes — WAC 415-110-466
Worker's Compensation	No — WAC 415-110-479

¹ Only specific types of union leave are reportable. See WAC 415-110-466.

TRS Reportable Compensation

A Summary

This section contains information about reportable compensation for members of the Teachers' Retirement System (TRS). "Is the payment for services rendered? Is the basic statutory standard used to determine whether most payments qualify as reportable compensation?" This section discusses the general application of this standard.

The actual rules that govern reportable compensation are contained in state retirement laws. This section is a summary and is not intended to be a full description of the laws. If there are any conflicts between what is written in this section and state retirement law, the law will govern.

If you have questions regarding the information contained in this section, contact TRS Retirement Services.

What is Reportable Compensation?

In order for a payment to be subject to retirement system contributions and included in the calculation of a member's retirement benefit, the payment must meet the definition of "earnable compensation" in TRS retirement law, RCW 41.32.010(10). "Reportable compensation" is defined in rule as "earnable compensation." The term "reportable compensation" was coined to allow DRS to use the same term when discussing compensation in different retirement systems.

Reportable Compensation is Based upon the Nature of the Payment

DRS determines reportable compensation based upon the nature of the payment you make to an employee, not the name given to it. To determine if a payment is reportable compensation, consider the following:

- what the payment is for; and
- whether the reason for the payment brings it within the statutory definition of earnable compensation.

Example: A payment conditioned upon retirement is not reportable compensation. Attaching the label “longevity” to the payment does not change the fact that the payment is conditioned on retirement. Such a payment is not for services rendered and will not be counted as reportable compensation despite being identified by the employer as a longevity payment.

What Payments Qualify as Reportable Compensation?

The basic statutory standard for determining whether a payment qualifies as reportable compensation is if the payment is for services rendered. To determine whether a payment meets this definition and is to be reported, ask the following questions:

1. Was the payment earned as a salary or wage for services rendered?

—If the answer is no, the payment is not reportable.
—If the answer is yes, ask the next question.
2. Was the payment paid by the employer to an employee?

—If the answer is no, the payment is not reportable.
—If the answer is yes, the payment is reportable.

Example: An employee goes on unpaid leave from the employer to work for a third party. The employer pays the employee for his or her work with the third party on the condition the third party reimburses the employer. The payments earned by the employee were actually paid by the third party, not the employer. Those payments do not qualify as reportable compensation.

Payments considered to be for services rendered

- Base salary is a salary or wage earned for services rendered and is reportable. The base salary is usually described in the employee’s base contract.
- Sick and annual leave is accumulated over time and paid to a person during a period of excused absence. The paid leave is deferred compensation for services previously rendered and is reportable.

- Earned Severance pay is reportable compensation for TRS Plan 1 only if it is earned over time in the same manner as annual and sick leave. The employment contract or compensation policy in effect at the beginning of the employment period must specify that a certain amount of severance pay will be earned during that employment period in consideration for services rendered. Severance pay that qualifies as reportable compensation and is earned within the member's AFC period, is excess compensation. (See page 4—8 TRS.)

Example: Mr. Jones is a TRS Plan 1 member employed in an administrative position. At the beginning of his employment, his contract specified that he would earn one week of severance pay for every year of employment. The earned severance pay is reportable. At the time Mr. Jones retires, the two weeks of severance pay earned during his two highest paid years; i.e., one week per year for two years, is included in his TRS Plan 1 retirement benefit calculation. Because this pay is used in the benefit calculation, it results in an excess compensation billing to his employer.

Note: For TRS Plan 2 and Plan 3, severance pay is not reportable compensation.

- Bonuses that are based upon meeting certain performance goals or having to work under unusual conditions such as over-enrollment are earned for services rendered and are reportable.
- Retroactive salary payment to an employee who worked during the period covered by the retroactive payment is a salary or wage for services rendered and is reportable.
- Evening or summer school payments are for additional time worked and are usually authorized in supplemental contracts. These payments are for services rendered and are reportable.
- Extracurricular assignment payments are for extracurricular assignments, such as coaching, which provide services to an employer and are reportable.
- Supplemental Contracts—a school district may compensate an employee for additional time, responsibility or incentives. (See RCW 28A.400.200.) These payments are for services rendered and are reportable if they are for:
 - Additional time
 - Additional responsibility (extra enrollment or duties)
 - An incentive payment (meeting performance goals specified by the employer).

- Longevity or educational attainment—a member who receives a salary increase based upon longevity or educational attainment receives a higher salary without working more hours. The higher salary indicates a higher level of service due to greater experience or more education. The payment is a payment for service and is reportable compensation.
- Deferred wages (payments earned by, but not paid to, an employee)—payments earned by an employee for services rendered, but deducted from his or her salary rather than paid, are reportable. Examples include:
 - Tax withholding
 - Retirement contributions
 - Voluntary deductions (403(b) contributions or other authorized deductions)
- Cafeteria plans—Compensation received in any form under the provisions of a “cafeteria plan,” “flexible benefits plan,” or similar arrangement according to the provisions of section 125 of the United States Internal Revenue Code is reportable compensation if the employee has an absolute right to receive cash or deferred cash payments in lieu of the fringe benefits offered. In such an instance, the fringe benefit is provided instead of cash and is considered reportable compensation same as cash. If there is no cash option, the value of the fringe benefit is not a salary or wage and is not reportable.

Reportable compensation not for services rendered

In general, payments cannot be considered reportable compensation unless they are for services rendered. Some payments are reportable that are not for services rendered. A description of these payments is included in WAC 415-112-470 through 477.

The following types of payments, not for services rendered, may be included as reportable:

- Paid leave not earned over time—may be reportable if:
 - The payment is equal to the salary for the position from which the employee is on leave, and
 - The payment is actually from an employer.

- Union leave—salary may be reportable if:
 - The leave of absence is authorized by a collective bargaining agreement that provides the member retain seniority rights with the employer during the period of leave; and
 - The compensation reported does not exceed the salary paid to the highest paid job class covered by the collective bargaining agreement.

Note: Refer to DRS Notice 93-014 for more information about reporting an employee who takes a leave of absence to serve as an elected official of a labor organization.

- Legislative leave—salary foregone may be reportable if:

Plan 1. The salary the employee would have earned had he or she not taken a leave to serve in the Legislature provided the member serves at least five years. (Only employee contributions are required.)

Plan 2 and Plan 3. The member chooses between:

- Option 1: The reportable compensation the member would have earned had the member not served in the Legislature; or
- Option 2: The actual reportable compensation received for teaching plus the legislative reportable compensation.

Note: If the employee selects Option 1, he or she is responsible for paying the additional employer and employee contributions on any difference between the Option 1 and Option 2 amounts.

Sick, Annual and Personal Leave Usage

Sick leave, annual leave and personal leave are typically accumulated over time and paid to a person during a period of excused absence. Leave accrues at a prescribed rate, usually a certain number of hours per month. The employee earns a leave day by rendering service during the month the leave was accumulated. When the employee uses his or her accrued leave to take a paid day off, the payment is deferred compensation for services previously rendered. The payment is a salary or wage earned for services rendered and is reportable.

Cash out payments for sick, annual and personal leave

If an employee receives payment instead of using accrued leave, he or she receives a “cash out” for the accrued leave. Cash outs are reportable for TRS Plan 1 members only. Cash outs are excluded by statute from the definition of reportable compensation for TRS Plan 2 and Plan 3 members (see RCW 41.32.010(10)(b)).

The following cash outs are reportable for TRS Plan 1 members only.

- Annual leave and personal leave cash outs, like payments for leave usage, are deferred compensation earned for services previously rendered.

Plan 1. Annual leave and personal leave cash outs are reportable for TRS Plan 1 members. (Refer to “Excess Compensation” on page 4—8 TRS.)

Plan 2 and Plan 3. Annual leave and personal leave cash outs are excluded from the definition of reportable compensation in TRS Plan 2 and Plan 3 and are not reportable.

- Sick Leave Cash Outs—by statute, sick leave cash outs are prohibited from being used in the calculation of an employee’s retirement benefit. Therefore, sick leave cash outs are not reportable for all TRS plans.

Payments not Considered Reportable Compensation

The following payments are not for services rendered and are not reportable:

- Reimbursements for expenses incurred while performing services for an employer are not wages for services rendered and are not reportable. Examples of reimbursement expenses include mileage reimbursements for use of a private car on employer business or meal and lodging reimbursements for business trips.
- Car Allowance—some employers pay car allowances instead of reimbursing for actual miles driven in the employee’s car for the employer’s business. These payments are not for services rendered and are not reportable.
- Disability Insurance—payments for disability insurance are not payments for services rendered. They are for disability payments paid because an employee is unable to render service due to a disability. These payments are not reportable.

- Worker's compensation payments—to a member are not payments for services rendered and are not reportable. This is true whether the payments come from the Department of Labor and Industries or from a self-insured employer.

Note: Some employers have an employee on unpaid disability leave submit his or her worker's compensation payments to the employer and then issue the employee a check through their payroll system. This exchange does not change the nature of the worker's compensation payments and does not make the payment reportable.

- Retirement Bonus or Incentive—a payment made to an employee as a bonus or incentive to retire or terminate is not a payment for services rendered and is not reportable.
- Severance pay—not earned over time—severance pay negotiated, because of a termination settlement or agreement, is not earned for services rendered and is not reportable.

Example: At the time of an employee's termination, the employer agrees to pay a lump sum payment equal to two months salary. The employer identifies this payment as "severance pay." Because the payment was not earned for services rendered, it is not reportable compensation.

- Optional payments—if an employee can receive an additional payment conditioned upon the employee taking some action in addition to providing service to the employer, the payment is not for services rendered and is not reportable.

Example: An employer offers to make a contribution to a deferred compensation plan on behalf of an employee only if the employee elects to have a portion of his or her salary deferred. Because the employee does not have an absolute right to receive the contribution based solely on the rendering of service, the payment is not reportable compensation.

- Fringe Benefits—payments made by an employer to a third party to provide benefits for an employee are not part of the employee's salary or wage and are not reportable. Examples of these payment types are insurance premiums and employer retirement contributions.

Nonmoney Maintenance Compensation

Employees may receive nonmoney items from employers that may be a form of payment for services rendered. “Nonmoney maintenance compensation” means the fair market value of materials legally furnished by an employer to an employee or the employee’s dependents for *personal use*. If an employer provides materials for an employee’s personal use, the value of that use is nonmoney maintenance compensation and may be reportable for TRS Plan 1 members.

Example: An employer leases an apartment for \$700 per month. The employer charges an employee \$300 per month to use the apartment for temporary living quarters. Because the employee uses the apartment for personal rather than business purposes, the amount by which the lease value exceeds his payment is nonmoney maintenance compensation. His employer must report \$400 per month to DRS as reportable compensation.

Note: Nonmoney maintenance compensation is not reportable for TRS Plan 2 or TRS Plan 3 members.

Excess Compensation

Some types of reportable compensation for TRS members qualify as “excess compensation” if included in the AFC period used in the calculation of a retirement benefit. Excess compensation is defined by statute in RCW 41.50.150.

If a payment qualifies as excess compensation, the employer is billed for the resulting increase in the retiree’s benefit to offset the increased cost to the trust funds. The employer bill is based on the present value of the increase to the retiree’s benefit. Present value is calculated using actuarial tables developed by the Office of the State Actuary and adopted into WAC by DRS. Excess compensation for TRS Plan 1 members includes:

- A cash out of annual leave in excess of 30 days.
Cash out means:

Any payment added to salary or wages concurrent with a reduction of annual leave; or

Any payment made instead of an accrual of annual leave.

Example: An employer's collective bargaining agreement provides that once an employee accrues 30 days of annual leave, the employee will not earn any additional annual leave. Instead, the employer will pay the person each month for the value of the leave the person would have accrued that month. For instance, if the employee earned two days of annual leave each month and already had 30 days of annual leave, the employer would pay the employee for an additional two days each month. The employee's leave balance would remain at 30 days. The payment qualifies as a cash out and, to the extent it is used during the AFC period, is excess compensation.

- Personal leave cash out payments are excess compensation to the extent they are included in the calculation of the member's retirement benefit.
- A cash out of any form of leave other than annual is excess compensation to the extent they are included in the calculation of the member's retirement benefit.

Note: Payment of double time and a half for work on a holiday does not violate this provision. The standard payment for working on a holiday is compensated at time and a half. The standard payment for the holiday, plus time and a half for working after regular work hours, equals double time and a half. The employee is not earning more than twice his or her regular rate of pay for working on the holiday.

- Any other termination or severance pay. Note that a termination or severance payment that does not qualify as reportable compensation would not be excess compensation since it is not used in the calculation of the retirement benefit.
- Payment for extra work done in which the assignment of extra duties was based upon the employee's notification of intent to terminate or retire. (See the "Retirement Bonus or Incentive" paragraph on page 4—7 TRS.)

Excess compensation for TRS Plan 1, Plan 2 and Plan 3 members include:

- If a portion of an allowance or reimbursement qualifies as reportable compensation; i.e., car allowance, that portion is excess compensation. Generally, allowances and reimbursements do not qualify as reportable compensation.
- Any payment (overtime) that is greater than twice the regular daily or hourly rate of pay.

Note: Refer to DRS Notices 84-002, 95-010 and 98-001 for more information about excess compensation.

Reportable Compensation Table

The table provided on Pages 4—11 TRS and 4—12 TRS is a quick reference guide to help characterize payments for TRS Plan 1, Plan 2 and Plan 3. The short answer refers you to the WAC that states why the payment does or does not qualify as reportable compensation. Review the full text of the WAC to be sure you have correctly identified the payment in question.

TRS REPORTABLE COMPENSATION TABLE

Type of Payment	TRS 1 Reportable Compensation	TRS 2 and 3 Reportable Compensation
Annual Leave Cash Outs	Yes — WAC 415-112-4605	No — WAC 415-112-4605
Base Contract	Yes — WAC 415-112-4601	Yes — WAC 415-112-4601
Car Allowances	No — WAC 415-112-41301 ¹	No — WAC 415-112-41301
Cafeteria Plans	Yes — WAC 415-112-4604	Yes — WAC 415-112-4604
Deferred Wages	Yes — WAC 415-112-4609	Yes — WAC 415-112-4609
Disability Payments	No — WAC 415-112-482	No — WAC 415-112-482
Employer Provided Vehicle	No — WAC 415-112-413 ²	No — WAC 415-112-413
Evening/Summer School	Yes — WAC 415-112-4601	Yes — WAC 415-112-4601
Extracurricular Contracts	Yes — WAC 415-112-4601	Yes — WAC 415-112-4601
Employer Contributions	No — WAC 415-112-4609	No — WAC 415-112-4609
Fringe Benefits	No — WAC 415-112-480	No — WAC 415-112-480
Illegal Payments	No — WAC 415-112-485	No — WAC 415-112-485
Legislative Leave	Yes — WAC 415-112-471	Yes — WAC 415-112-471
Longevity/Education Attainment Pay	Yes — WAC 415-112-4601	Yes — WAC 415-112-4601
Nonmoney Maintenance	Yes — WAC 415-112-412 ³	No — WAC 415-112-412
Optional Payments	No — WAC 415-112-487	No — WAC 415-112-487
Payments in Lieu of Excluded Items	No — WAC 415-112-470	No — WAC 415-112-470
Performance Bonuses	Yes — WAC 415-112-4603	Yes — WAC 415-112-4603
Retroactive Salary	Yes — WAC 415-112-4607	Yes — WAC 415-112-4607
Reimbursements	No — WAC 415-112-489	No — WAC 415-112-489
Reinstatement Payments	Yes — WAC 415-112-477	Yes — WAC 415-112-477

(Continued on next page)

¹ A portion of the value of an employer car allowance may be reportable. See WAC 415-112-41301.

² A portion of the value of an employer provided vehicle may be reportable in Plan 1 only.
See WAC 415-112-412.

³ A portion of the value of nonmoney maintenance provided may be reportable in Plan 1 only.
See WAC 415-112-413.

TRS REPORTABLE COMPENSATION TABLE (Continued)

Type of Payment	TRS 1 Reportable Compensation	TRS 2 and 3 Reportable Compensation
Retirement or Termination Bonuses	No — WAC 415-112-490	No — WAC 415-112-490
Severance Pay – Earned Over Time	Yes — WAC 415-112-4608	No — WAC 415-112-4608
Severance Pay – Not Earned Over Time	No — WAC 415-112-491	No — WAC 415-112-491
Sick Leave Cash Outs	No — WAC 415-112-4605	No — WAC 415-112-4605
Supplemental Contracts	Yes — WAC 415-112-4601	Yes — WAC 415-112-4601 ⁴
Time Off With Pay	Yes — WAC 415-112-473 WAC 415-112-4605	Yes — WAC 415-112-473 WAC 415-112-4605
Union Leave ⁵	Yes — WAC 415-112-475	Yes — WAC 415-112-475
Worker's Compensation	No — WAC 415-112-483	No — WAC 415-112-483

⁴ Reportable only if member is employed in an eligible position.

⁵ Only specific types of union leave are reportable. See WAC 415-112-475.

LEOFF Reportable Compensation

A Summary

This section contains information about salary that is reportable for members of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF). In order for compensation to be reportable to DRS for LEOFF, it must be basic salary. Not all payments from an employer to a LEOFF member qualify as basic salary. This section discusses what is considered basic salary.

The rules that govern basic salary are contained in state retirement laws and administrative rules. This section is a summary and is not intended to be a full description of the laws and rules. If there are any conflicts between what is written in this section and state retirement law and rule, the law and rule will govern.

If you have questions regarding the information contained in this section, contact LEOFF Retirement Services.

What is Reportable Compensation?

In order for an employee's salary or wages to be subject to retirement system contributions and included in the calculation of his or her retirement benefit, they must meet the definition of "basic salary" in LEOFF retirement law (see RCW 41.26.030 and WAC 415-104-298).

Basic Salary Differs between Plans

The definition of basic salary is different for LEOFF Plan 1 and LEOFF Plan 2. WAC 415-104-305 through WAC 415-104-350 defines basic salary for LEOFF Plan 1. WAC 415-104-360 through WAC 415-104-405 defines basic salary for LEOFF Plan 2.

Definition of Basic Salary for LEOFF Plan 1

Basic salary for LEOFF Plan 1 means the basic monthly rate of salary or wages—including longevity pay but not including overtime earnings or special salary or wages—upon which pension or retirement benefits will be computed and upon which employer contributions and salary deductions will be based.

- Salary or wages means payments for services rendered by a LEOFF member to an employer. Payments that are not for services rendered to an employer are not a salary or wage and do not qualify as basic salary.
- Longevity pay means a payment in addition to the basic monthly rate of pay that is:
 - Based solely upon the length of employment with the employer; and
 - Paid to all LEOFF members who have served for the same length of time with the employer.
- Position means the employment held at any particular time. The employment held is defined by the duties required of the employee as a condition of employment.

Example: An employer employs two police officers, one who has a high school diploma and one who has a college degree. Although both officers have the same duties, the employer designates the first officer as an “officer 1” and the second officer as an “officer 2.” The distinction between the two levels is conditioned upon different levels of education. The second officer is paid at a higher rate. For purposes of determining basic salary, both officers occupy the same position because both have the same duties. The difference in their two rates of pay is an education premium which does not qualify as basic salary.
- Attached to a position means a payment conditioned on specific duties required of the person holding the position.

Definition of Basic Salary for LEOFF Plan 2

Basic salary for LEOFF Plan 2 is a payment that is a salary or wage earned during a calendar month for personal services rendered by a member to an employer. Certain payments that are not for personal services rendered by a member also qualify if there are specific provisions in the laws identifying them as basic salary. Other payments not specifically identified in the rules qualify as basic salary only if the payments are for services rendered. These payments are described under the section discussing what is and is not reportable for LEOFF Plan 2 members later in this chapter.

Reportable Compensation is Based upon the Nature of the Payment

DRS determines reportable compensation based upon the nature of the payment you make to an employee, not the name given to it. To determine if a payment is reportable compensation, consider the following:

- what the payment is for; and
- whether the reason for the payment brings it within the statutory definition of basic salary.

Reportable Compensation for LEOFF Plan 1

The following are payment types that qualify as basic salary and are reportable to DRS.

- Basic Monthly Rate is the basic monthly rate of compensation paid by an employer to a member for services rendered. “Basic monthly rate” means the rate of salary or wages attached to a position excluding overtime or special salary or wages.
- Longevity pay is reportable if it is based solely upon length of employment with the employer and paid to all law enforcement officers or fire fighters who have served with the employer for the same length of time.
- Deferred payments attached to a position are basic salary. Deferred payments may include, but are not limited to, member contributions to LEOFF and salaries or wages deferred according to the provisions of sections 401(k), 403(b), 414(h), 457, or other similar sections of the United States Internal Revenue Code.
- Retroactive basic salary increases attached to a position are basic salary. If a payment is part of the basic monthly rate of salary or wages attached to a position or is a longevity payment, it is basic salary even if it is retroactive.
- Paid leave is basic salary. Payments from an employer for authorized paid absences from work are basic salary.

Example: Assume a member accrues eight hours sick leave per month. The accrued leave in the member’s sick leave balance is earned for personal services rendered during a payroll period. When the member is absent from work and uses the sick leave, the sick leave payment is basic salary.

- Payments upon reinstatement or in lieu of reinstatement are paid leave and qualify as basic salary. The payment will count as basic salary for the payroll periods when the person would have earned the payment had he or she been working.
 - In order for a payment in lieu of reinstatement to qualify as paid leave, the person's termination date must occur after the payroll period(s) when the payment would have been earned.
 - Payments under WAC 391-45-410 are basic salary for the period(s) covered by the reinstatement.
 - Payments upon reinstatement or in lieu of reinstatement are basic salary only to the extent they equal the basic salary a member would have earned had the member been working.
- Union leave—Periods of authorized leave to serve as an elected official of a labor organization which meet the statutory requirements qualify for service credit (see RCW 41.26.197). The salary payments provided by the employer, subject to reimbursement from the union, qualify as basic salary to the extent the payments do not exceed the basic salary for the highest paid job class covered by the collective bargaining agreement negotiated between the labor organization and the employer.
- Shift differential is basic salary. Additional payments to a member for working swing shift or night shift are attached to the duties of the position; i.e., working a nonstandard shift.
- Additional duty pay is basic salary.

Example: A police officer is assigned to the bomb squad and receives an additional monthly payment for the hazardous duty assignment. The additional payment is for duties required by the employer as part of the member's position. It is attached to the position and is basic salary.

Reportable Compensation for LEOFF Plan 2:

The following types of payments qualify as LEOFF Plan 2 basic salary and are reportable:

- Basic salary
- Deferred wages if earned for services rendered are basic salary. Deferred wages include, but are not limited to:
 - Member contributions to LEOFF;
 - Salaries or wages deferred according to sections 401(k), 403(b), 414(h), 457 or other similar sections of the US Internal Revenue Code.
- Retroactive basic salary increases received for a pay period that a member worked is a salary or wage for services rendered and is reportable.
- Cafeteria plans—Compensation received in any form under the provisions of a “cafeteria plan,” “flexible benefits plan,” or similar arrangement according to section 125 of the US Internal Revenue Code is basic salary only if the member can receive cash or deferred payments instead of the fringe benefits.
- Overtime—Additional pay earned for working time in excess of regularly scheduled shift(s) is a salary or wage for services rendered and is reportable. Overtime includes, but is not limited to:
 - Additional pay for working on a holiday.

Example: A fire fighter works on Christmas day. As compensation for working a holiday, the member is given the option of taking some other day off with pay or of receiving an extra day’s pay. If the member opts for the extra day of pay, this payment is overtime and is reportable. If the member opts to take a day off, this is paid leave, qualifies as basic salary and is reportable.

 - Callback pay for being called back to work;
 - Court pay for appearing in court or performing other duties outside of a member’s regularly scheduled shift.

- Paid leave—Payments received from an employer for authorized paid absences from work are basic salary for LEOFF Plan 2. Paid leave is basic salary and is reportable only to the extent that it is the equivalent of the basic salary a member would have earned had the member been working. The portion of any payment that exceeds that amount is not basic salary and is not reportable.

Reportable leave payments include:

—Leave payments earned for services rendered

Example: Assume a member accrues eight hours sick leave per month. The accrued leave in the member's sick leave balance is earned for personal services rendered during a payroll period. When the member is absent from work and uses the sick leave, the sick leave payment is basic salary and is reportable.

—Leave payments not earned for services. If an employer authorizes a period of paid leave but does not require the use of leave previously earned for services rendered, the payment is not a salary or wage for services rendered. However, RCW 41.26.520 authorizes service credit for all periods of paid leave. Because the periods are creditable, the pay received is considered basic salary to the extent that it is equal to the basic salary the member would have earned had he or she been working and is reportable.

—Payments upon reinstatement or in lieu of reinstatement are paid leave and qualify as basic salary. The payments are reportable for the payroll periods when the person would have earned the payment had he or she been working.

—In order for a payment in lieu of reinstatement to qualify as paid leave, the person's termination date must occur after the payroll period(s) when the payment would have been earned.

—Payments under WAC 391-45-410 are basic salary for the period(s) covered by the reinstatement.

—Payments upon reinstatement or in lieu of reinstatement are basic salary only to the extent they equal the basic salary a member would have earned had the member been working.

—Union leave—Periods of authorized leave to serve as an elected official of a labor organization which meet the requirements of RCW 41.26.520 qualify for service credit. The salary payments provided by the employer—subject to reimbursement from the union—qualify as basic salary to the extent that they do not exceed the highest paid job class covered by the collective bargaining agreement negotiated between the labor organization and the employer.

- Salary or wages not attached to a position—A salary or wage for services rendered to an employer is basic salary regardless of whether the services are attached to a position.

Example: If an employee receives additional salary based upon his or her education, that additional salary is basic salary even if his or her position does not require that level of education. The payment of a higher salary based upon education attainment is part of the total compensation for the services provided by the employee.

- Performance bonuses—Payments made for meeting or exceeding performance goals set by an employer are a salary or wage for services rendered and qualify as basic salary. In order to qualify as basic salary, a performance bonus must be documented in an employer policy or specific agreement between the employer and member prior to earning the bonus.

Example: An employer offers an annual bonus to a member if he or she meets a certain performance goal; e.g., stays accident free for a year. If the member meets the goal and is paid the bonus, the bonus would be considered basic salary.

- Shift differential—Additional payments to a member for working swing shift or night shift are a salary or wage for services rendered. The payments are basic salary and are reportable.
- Disability payments—Under certain circumstances, a LEOFF Plan 2 member is entitled to a disability leave supplement for periods of disability leave. (See RCW 41.04.500—550.) The following types of disability payments are considered basic salary and are reportable to DRS.

—Disability leave supplement—The member-paid portion of the disability leave supplement funded through use of the member's accumulated sick or vacation leave is basic salary and is reportable.

—Disability leave banks—If an employer maintains a disability leave bank which may be used to make salary replacement payments for members during periods of disability, such payments are paid leave and are reportable. (If the leave provided is based upon leave earned by another employee then it is a form of shared leave and is not reportable.)

Payments that are not Considered Reportable Compensation

The following are payment types that are not considered basic salary and are not reportable to DRS.

LEOFF Plan 1:

- Deferred wages not attached to a position are special salary or wages and are excluded from LEOFF Plan 1 basic salary.

—Employer matching payments are not basic salary.

Example: An employer offers to contribute to a deferred compensation plan only if the member elects to defer a portion of his or her salary. Because the member does not have an absolute right to receive the additional contribution for performing the duties required of his or her position, the payment is special salary and is not reportable.

—Additional deferred compensation offered to an individual is not basic salary. This is a special salary or wage and is not reportable.

- Educational premium payments—If an employer provides additional salary based upon the member's level of education, it is a special salary or wage and is not reportable.

Example: An employer employs two different law enforcement officers in the position of sergeant. Although their duties are the same, one sergeant receives 3 percent more salary because he or she has a bachelor's degree, which the other lacks. The additional 3 percent is not attached to the position because it is not attached to any additional duties. It is not basic salary.

—Payments conditioned upon acquiring and maintaining a designated certification such as emergency medical technician are a form of educational premium pay. It is a special salary or wage and is not reportable.

- Cafeteria plans—Compensation paid under the provisions of a “cafeteria plan,” “flexible benefits plan,” or similar arrangement, according to the provisions of section 125 of the US Internal Revenue Code is a special salary or wage and is not reportable.
- Leave cash outs or other severance pay are not reportable.
 - A cash out for unused accrued leave is a deferred salary. Cash out for unused accrued leave is a deferred salary or wage for services previously rendered. In LEOFF Plan 1, the payment is not basic salary but a special salary or wage and is not reportable.
 - Any form of severance pay based upon termination is not reportable.
- Overtime, which is additional pay earned for working time in excess of regularly scheduled shift(s), is specifically excluded from basic salary for LEOFF Plan 1 and is not reportable.
- Additional pay for working a holiday is considered overtime and is not reportable.
- Callback pay is a special rate of pay for being called back to work and is not reportable.
- Court pay is an additional payment for appearing in court or performing other duties outside of a member’s regularly scheduled shift and is not reportable.
- Deferred payments not attached to a position are not reportable.
- Disability payments—Payments from an employer during periods of disability leave are not payments for services rendered and are not reportable.
- Third party payments such as payments from an insurance company are not reportable.
- Employer-paid taxes and employer-paid retirement contributions are not salary or wages and are not reportable.
- Fringe benefits provided by an employer such as insurance premiums are not reportable.
- Illegal payments are not basic salary and are not reportable.

- Reimbursements or allowances in lieu of a reimbursement are not reportable.

Example: An employer provides an annual stipend for the purchase of a uniform or other clothing required for the performance of a member's duties. The payment is a reimbursement for expenses incurred or expected to be incurred and is not basic salary.

- Payments based on additional certification or qualifications—If a member receives payments based upon personal expenses incurred in maintaining a certification or qualification, the payment is reimbursement, not compensation, and is not reportable.
- Standby pay—payment for time not actually worked when the member must be available to work if the need arises, is not reportable.

Example: Some employers provide payments to a member at less than the member's regular hourly rate in exchange for the member being available to come into work after his or her shift if called. These payments are not basic salary.

- Retirement or termination bonuses are not reportable.
 - Additional payments based fully or partially on notification of a member's intent to terminate or retire are not a salary for services rendered and are not reportable.
 - Payments based on retirement eligibility are specific to a member and are not attached to the position. These payments are not reportable.
- Payments in lieu—A payment or any other transfer in lieu of an item that does not qualify as basic salary is not reportable.

LEOFF Plan 2:

- Disability payments—Employer contributions to the disability leave supplement provisions do not qualify as basic salary and are not reportable.
- Workers' Compensation—Payments made under Title 51 RCW are excluded from the definition of basic salary and are not reportable.
- Private insurance—Any payment from a third party insurance company is neither paid leave nor payment for services rendered and is not reportable.
- Disability leave banks—If the leave provided to an employee is based upon leave earned by another employee, it is a form of shared leave and is not reportable.
- Employer-paid taxes and employer-paid contributions are not salary or wages and are not reportable.
- Fringe benefits provided by an employer such as insurance premiums are not reportable.
- Illegal payments are not basic salary and are not reportable.
- Reimbursements or allowances in lieu of a reimbursement are not reportable.

Example: An employer provides an annual stipend for the purchase of a uniform or other clothing required for the performance of a member's duties. The payment is a reimbursement for expenses incurred or expected to be incurred and is not basic salary.

- Standby pay—Payments for time not actually worked when the member must be available to work if the need arises, are not reportable.

Example: Some employers provide payments to a member at less than the member's regular hourly rate in exchange for the member being available to come into work after his or her shift if called. These payments are not basic salary.

- Termination or retirement bonuses—An additional payment based on notification of a member's intent to terminate or retire is not basic salary and is not reportable.

- Statutorily excluded payments—Payments authorized by a law that excludes the payment from the calculation of a retirement allowance are not reportable.
- Cash outs of accrued leave for unused accrued leave is specifically excluded from the definition of basic salary and is not reportable.
- Severance pay—Any form of severance pay is excluded from the definition of basic salary and is not reportable.
- Payments in lieu—A payment or any other transfer in lieu of an item that does not qualify as basic salary is not reportable.

Reportable Compensation Table

The table provided on page 4—13 LEOFF is a quick reference guide to help you characterize payments for LEOFF Plan 1 and Plan 2. The WAC is referenced to assist you in correctly identifying the payment in question. You must refer to the appropriate WAC to determine if a payment is reportable. DRS determines reportable compensation based upon the nature of the payment (see page 4—3 LEOFF) not the name applied to it.

LEOFF REPORTABLE COMPENSATION TABLE

Type of Payment	LEOFF Plan 1 Basic Salary	LEOFF Plan 2 Basic Salary
Additional Duty Pay	Yes — WAC 415-104-3205	Yes — WAC 415-104-360
Allowances (i.e. uniform)	No — WAC 415-104-3404	No — WAC 415-104-390
Basic Monthly Rate	Yes — WAC 415-104-3200	Yes — WAC 415-104-360
Cafeteria Plans	No — WAC 415-104-3303	Yes — WAC 415-104-367
Deferred Wages Attached To Position	Yes — WAC 415-104-3201(1)	Yes — WAC 415-104-363(1)
Deferred Wages not Attached to a Position	No — WAC 415-104-3201(2)	No — WAC 415-104-363(2)
Disability Payments	No — WAC 415-104-340	No — WAC 415-104-380
Education Attainment Pay	No — WAC 415-104-3301	Yes — WAC 415-104-375
Employer Taxes/Contributions	No — WAC 415-104-3401	No — WAC 415-104-383
Fringe Benefits	No — WAC 415-104-3402	No — WAC 415-104-385
Illegal Payments	No — WAC 415-104-3403	No — WAC 415-104-387
Leave Cash Outs/Severance	No — WAC 415-104-3304	No — WAC 415-104-401
Overtime	No — WAC 415-104-3305	Yes — WAC 415-104-370
Paid Leave	Yes — WAC 415-104-3203	Yes — WAC 415-104-373
Payments in Lieu of Excluded Items	No — WAC 415-104-350	No — WAC 415-104-405
Performance Bonuses	No — WAC 415-104-3302	Yes — WAC 415-104-377
Retroactive Salary Increase	Yes — WAC 415-104-3202	Yes — WAC 415-104-365
Reimbursements	No — WAC 415-104-3404	No — WAC 415-104-390
Retirement or Termination Bonuses	No — WAC 415-104-3406	No — WAC 415-104-395
Shift Differential	Yes — WAC 415-104-3204	Yes — WAC 415-104-379
Special Salary or Wages	No — WAC 415-104-330	Yes — WAC 415-104-375
Standby Pay	No — WAC 415-104-3405	No — WAC 415-104-393
Tuition/Fee Reimbursement	No — WAC 415-104-3404	No — WAC 415-104-390
Worker's Compensation	Not Applicable	No — WAC 415-104-380

Reportable Compensation Table

The table provided below is a quick reference guide to help characterize payments for WSPRS. Please note that reportable compensation is not defined by plan for WSPRS. Reportable compensation is defined for WSPRS by the commission date. Review the full text of the RCW listed to be sure you have correctly identified the payment in question.

WSPRS REPORTABLE COMPENSATION TABLE

Type of Payment	WSPRS Reportable Compensation Commission Date: Prior to 7/1/01	WSPRS Reportable Compensation Commission Date: On or after 7/1/01
Overtime related to RCW 47.46.040(4) earned prior to 7/1/01	Yes	No
Overtime related to RCW 47.46.040(4) earned on or after 7/1/01	No	No
Voluntary overtime earned prior to 7/1/01	Yes	No
Voluntary overtime earned on or after 7/1/01	No	No
Fringe benefits, including, but not limited to, any type of insurance, or contributions for insurance, such as medical, dental, or life insurance, for members and/or their dependents	No	No
Lump sum payments for:		
Deferred annual sick leave ¹	No	No
Unused accumulated annual leave - 240 hour maximum ²	Yes	No
Holiday pay – 80 hour maximum	Yes	No

¹ See also RCW 41.04.340(4)

² See also RCW 43.43.263, 43.01.040, and 43.01.044.

Chapter 5: Special Conditions

Chapter Overview

This chapter provides information about special conditions in retirement system reporting:

- Employing retirees (applies to all employers)
- Reporting deferred payments of employee compensation (applies to education employers reporting PERS, SERS or TRS members)
- Quarterly reporting to substitute teachers (applies to education employers reporting TRS members)
- Reporting in higher education (applies to higher education employers reporting PERS or TRS members)

Refer to Chapter 2 for information about the eligibility rules for membership in a Washington State retirement system.

Refer to Chapters 7 and 8 for instructions on how to complete your regular monthly transmittal reporting.

Special Conditions in Reporting

You may encounter special situations that will affect your reporting to DRS. For example, if you hire a retiree, different rules may apply to the retiree's eligibility for membership. If you have an employee who works for nine months but is paid over 12 months, you may need to take special steps to report the employee's compensation. If you hire a substitute teacher, you may need to provide a special quarterly report to the substitute.

This chapter provides information about some of the special conditions you may encounter in your reporting to DRS.

Need Help?

If you need help with your special reporting, please direct your questions as shown below. Telephone numbers may be found in Appendix A—1 in Chapter 13, “References.”

Employing Retirees

—Contact the retirement system from which the individual retired.

Reporting Deferred Payments of Employee Compensation

—Contact ESS.

Quarterly Reporting to Substitute Teachers

—Contact TRS Retirement Services.

Reporting in Higher Education

—For PERS members, contact PERS Retirement Services.

—For TRS members, contact TRS Retirement Services.

Employing Retirees

A Summary

This section provides information about the special rules that apply to retirees who return to work. This information applies to retirees returning to positions covered by the Public Employees' Retirement System (PERS), the School Employees' Retirement System (SERS) the Teachers' Retirement System (TRS), the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), the Washington State Patrol Retirement System (WSPRS), or the Judicial Retirement System (JRS).

Employer Responsibilities

Retirement Status Form

RCW 41.50.139 requires you to obtain *a written form* from all new employees indicating whether they have ever been retired from a Washington State retirement system. The information should be obtained each time an employee begins working for you. The ***Retirement Status Form***, included in Chapter 12, "Forms," is provided for you to use to obtain this information. After the employee has completed the form, it should be filed in the employee's permanent record.

Reporting Retirees Returning to Work

If you hire a retiree, you must report the employment on the transmittal report, along with your active members. You must indicate the employment begin date, and type code to indicate position status as defined in each Washington State retirement system. When the position status changes for a retiree (ineligible to eligible or vice-versa), you must submit an end date for the previous position, along with a begin date and position type code for the new position.

Note: Retirees must be reported on the applicable system's transmittal report based on the position in which the retiree is working – not the system from which the employee is retired. Please see Chapters 7 and 8 for transmittal type codes and status codes and reporting for retirees.

When the retiree ends employment, you must report the end date, along with the appropriate type code.

If a retiree works in excess of the applicable post-retirement restrictions and you failed to report the employment of the retiree, **you will be liable for any pension overpayments made to the retiree**. In addition, if you report incorrect information that results in a retiree receiving a pension benefit in violation of the retirement rules, you are liable for any resulting overpayment.

Refer to DRS Notice 01-007 for more information about the rules for retirees who return to covered employment.

A pamphlet is available from DRS entitled “*Thinking about Working after Retirement?*” which provides information to members about the effect of reemployment on retirement benefits. For copies of this pamphlet, please contact DRS Office Services at 360-664-7066, or email to drsforms@drs.wa.gov. You may also access these pamphlets through the DRS Internet site at www.drs.wa.gov/retiree.

Service and Disability Retirees

Most individuals retire on a service retirement. The individual’s retirement benefit is based upon the number of years of eligible service in a retirement system. Some individuals retire on a disability retirement. An individual who becomes disabled as a result of an injury on the job may be eligible to retire on a duty disability. An individual who is disabled as a result of an illness or injury off the job may be eligible to retire on a non-duty disability.

When the term retiree is used on the following pages, it applies to both service and disability retirees unless otherwise noted. Disability retirees should be aware that they might lose their right to disability benefits by returning to employment. A disability retiree can be asked to undergo a medical examination at any time. If the medical examination shows the individual has recovered from the disability, the disability benefit may stop.

Disability retirees should contact the retirement system from which they retired for information about how returning to employment may affect their retirement benefit.

PERS Plan 1 Retirees

The following is a summary of the special provisions to consider when hiring a PERS Plan 1 retiree. **RCW 41.50.139 requires employers to report all retirees in their employ.** (Please see Chapters 7 and 8 for reporting retirees on the transmittal report.)

A PERS Plan 1 member, who terminates employment and applies for retirement but returns to work for a PERS-covered employer before his or her effective retirement date, will have his or her retirement nullified and the member must resume paying contributions.

A PERS Plan 1 retiree who returns to work for a PERS employer before being separated from employment for one full calendar month following his or her retirement accrual date will have his or her retirement benefit reduced 5.5 percent for every eight hours worked, to a maximum of 160 hours.

- A PERS Plan 1 retiree hired into an ineligible position must be reported on the transmittal with a begin date and position type code. Compensation and hours are not required, but can be reported on the transmittal, and such employment does not affect the retiree's pension.
- A PERS Plan 1 retiree who enters employment with an employer, after satisfying the break in employment requirement of one full calendar month, may work up to 1,500 hours per calendar year in an eligible position without a reduction of pension.
- A PERS Plan 1 retiree who is employed in an eligible position and works more than 1500 hours per calendar year will have his or her benefit suspended until termination of employment or the end of that calendar year, whichever occurs first.

Note: When a PERS Plan 1 retiree works more than 867 hours in a calendar year, while employed in an eligible position, the employer will receive an invoice for the applicable employer retirement contributions for the entire duration of the retiree's employment during that calendar year.

- A PERS Plan 1 retiree may have the option to reenter membership any time he or she is employed in an eligible PERS position. A PERS retiree may also be eligible to establish membership in another system and plan when employed in an eligible position. Please contact Retirement Services for membership eligibility in

the same or different system and plan. A PERS retiree elected or appointed to office has the option of remaining retired or returning to active member status while serving in the elected or appointed office.

- The Plan 1 limits apply to dual member retirees. The TRS Plan 1 rules apply to dual member retirees from PERS and TRS Plan 1.

TRS Plan 1 Retirees

The following is a summary of the special provisions to consider when hiring a TRS Plan 1 retiree. **RCW 41.50.139 requires employers to report all retirees in their employ.** (Please see Chapters 7 and 8 for reporting retirees on the transmittal report.)

- A TRS Plan 1 member who terminates employment but returns to work for a TRS employer before the individual's retirement accrual date will have his or her retirement nullified. The member must resume paying contributions.
- A TRS Plan 1 retiree who enters employment with an employer sooner than one calendar month after his or her accrual date will have his or her pension reduced 5.5 percent for every seven hours worked during that month, to a maximum of 140 hours per month. This reduction will be applied each month until the retiree remains absent from employment with an employer for one full calendar month.
- A TRS Plan 1 retiree who returns to work for a public non-education employer, after one full calendar month has passed following his or her retirement date will continue to receive his or her retirement benefit.
- A TRS Plan 1 retiree who works for a public education employer may work up to 1500 hours per fiscal year (July through June), regardless of position status, before their benefit is suspended.

Note: When a TRS Plan 1 retiree works more than 867 hours in a fiscal year, while employed by a public education employer, the employer will receive an invoice for the applicable employer retirement contributions for the entire duration of the retiree's employment during that fiscal year.

- A TRS Plan 1 retiree may have the option to reenter TRS membership any time he or she is employed in a position that

meets TRS membership requirements. A TRS Plan 1 retiree may also be eligible to establish membership in another system and plan when employed in an eligible position. Please contact Retirement Services for membership eligibility in the same or different system and plan.

PERS, SERS or TRS Plans 2 and 3 Retirees

The following is a summary of the special provisions to consider when hiring a PERS, SERS or TRS Plan 2 or Plan 3 retiree. **RCW 41.50.139 requires employers to report all retirees in their employ.** (Please see Chapters 7 and 8 for reporting retirees on the transmittal report.)

A Plan 2 or Plan 3 member, who terminates employment and applies for retirement but returns to work for a participating employer before his or her effective retirement date, will have his or her retirement nullified and the member must resume paying contributions.

A Plan 2 or Plan 3 retiree who returns to work for a participating employer before being separated from employment for one full calendar month following his or her retirement accrual date will have his or her retirement benefit reduced 5.5 percent for every eight hours worked, to a maximum of 160 hours.

- A Plan 2 or Plan 3 retiree hired into an ineligible position must be reported on the transmittal with a begin date and position type code. Compensation and hours are not required, but can be reported on the transmittal, and such employment does not affect the retiree's pension.
- A retiree from PERS, SERS or TRS Plans 2 or 3, may work up to 867 hours per calendar year in an eligible position before their benefit is suspended.
- A PERS Plan 2 retiree who was last employed by a school district and retired prior to September 1, 2000, may have the option of terminating their benefit and entering SERS Plan 2 membership. The retiree must contact DRS in writing to establish SERS membership. Once the retiree establishes SERS membership, the employer must report the employee as an active member. All benefits will be terminated.
- A PERS or SERS retiree elected or appointed to office has the option of remaining retired or returning to active member status while serving in the elected or appointed office. Please contact

Retirement Services if you have a PERS or SERS retiree elected or appointed to office.

- A retiree from PERS, SERS or TRS Plans 2 or 3, hired into an eligible position may have the option of reestablishing or entering membership in another system. Please contact Retirement Services for assistance in determining the retiree's eligibility for membership in another system.
- The Plan 1 limits apply to dual member retirees. The TRS Plan 1 rules apply to dual member retirees from PERS and TRS Plan 1.

LEOFF Retirees or Retirees in LEOFF-Covered Positions

The following is a summary of the special provisions to consider when hiring a retiree into a LEOFF position. **RCW 41.50.139 requires employers to report all retirees in their employ.** Please see Chapters 7 and 8 for reporting retirees on the transmittal report.

- A retiree hired as a less than full-time, fully compensated law enforcement officer or fire fighter is not required to become a member of LEOFF. Such employment does not affect the retiree's pension. Please contact LEOFF Retirement Services if you hire a LEOFF retiree into a less than full-time, fully compensated law enforcement officer or fire fighter position.
- A LEOFF retiree hired to work as a full-time, fully compensated law enforcement officer or fire fighter is required to return to membership in LEOFF beginning from the first day of employment and should be reported on the transmittal report. The retiree's pension will stop when membership begins.
- A LEOFF retiree, who established PERS Plan 1 membership prior to March 19, 1976, may reestablish PERS membership if employed in an eligible PERS position. Contact LEOFF membership if you have questions regarding a LEOFF retiree's eligibility for PERS membership. (See DRS Notice 98-011)
- A LEOFF Plan 2 service retiree will continue to receive a pension if employed in an ineligible PERS, SERS or TRS position.
- A LEOFF Plan 2 retiree hired to work in an eligible PERS, SERS or TRS position will have their benefit suspended until eligible employment is terminated.

- A retiree from another system hired into a full-time, fully compensated LEOFF position may be required to join LEOFF under certain circumstances. Please contact LEOFF Retirement Services if you are considering hiring a retiree from another system into such a position.

WSPRS Retirees or Retirees in WSPRS-Covered Positions

The following is a summary of the special provisions to consider when hiring a retiree into a WSPRS position or for hiring a WSPRS retiree in a position covered by another public retirement system. For assistance in determining a retiree's eligibility for retirement system membership, contact WSPRS Retirement Services. **RCW 41.50.139 requires employers to report all retirees in their employ.**

- A retiree from another system who becomes a commissioned officer of the Washington State Patrol may be required to, prohibited from, or have the option of joining WSPRS. Please contact WSPRS Retirement Services if you are considering hiring a retiree from another system into such a position.
- A WSPRS retiree who again becomes a commissioned officer of the Washington State Patrol is required to return to membership in WSPRS beginning from the first day of employment and should be reported on the monthly transmittal. The retiree's pension will stop when membership begins.
- Appointment by the chief to serve as a special deputy does not qualify an employee for membership in WSPRS.
- A WSPRS retiree who returns to work in a position covered by another public retirement system may have the option of establishing or reestablishing membership in that retirement system. Contact WSPRS Retirement Services for assistance in determining the options available to the retiree.
- A WSPRS retiree who established PERS Plan 1 membership prior to March 19, 1976, may reestablish PERS membership if employed in an eligible PERS position.

Retirees in JRS-Covered Positions

The following is a summary of the special provisions to consider when hiring a retiree into a JRS position. For assistance in determining a retiree's eligibility for JRS membership, contact Judicial Retirement Services. **RCW 41.50.139 requires employers to report all retirees in their employ.**

- A JRS retiree appointed to *pro tempore* service in the Superior Court, Court of Appeals, or Supreme Court, is not required to return to membership in JRS. The retiree's pension is not affected if this service is for 810 hours or less in a calendar year. If service extends beyond 810 hours in a calendar year, the retiree's pension is suspended until the employment ends. Please contact JRS Retirement Services if you have a JRS retiree appointed to *pro tempore* service whom you expect to work in excess of 810 hours in a calendar year.
- A JRS retiree elected or appointed to judicial service in the Superior Court, Court of Appeals, or Supreme Court, is required to return to membership in JRS beginning from the first day of employment and **should be reported on the transmittal report**. The retiree's pension will stop when membership begins.
- A retiree from another retirement system, who is elected or appointed to judicial service, cannot establish membership in JRS unless the retiree has previous JRS membership that has not been transferred to PERS. If eligible under the rules for elected officials, the retiree may elect to join PERS. (See the section entitled "PERS Membership" in Chapter 2 for details.)

Note: If a retiree had previous membership in JRS but has transferred that membership to PERS, please contact PERS Retirement Services for assistance in determining the retiree's eligibility for membership.

Personal Services Contracts

A retiree may work under a personal service contract as an independent contractor without being required to become a member of a retirement system. Retirement benefits are not affected by such employment.

To qualify as an independent contractor, a retiree must establish a valid contractual relationship with you. DRS follows the same criteria as the Internal Revenue Service for defining what constitutes a valid contractual relationship. Employers should review WAC 415-02-110 or contact their own legal counsel for assistance in determining whether a reemployed retiree's status is that of an employee or an independent contractor.

Membership for Retirees—A Summary Chart

Use the chart below to determine membership requirements for retirees returning to work in positions covered by the same retirement system from which they retired.

For assistance with determining membership requirements for retirees returning to work—in positions covered by systems other than those from which they retired—please contact the retirement system from which the individual retired.

Retired From:	Returning to:	Is Membership Required?
PERS Plan 1, 2, or PERS Plan 3	Eligible PERS position	No—the retiree may <i>elect</i> to return to PERS membership
	Ineligible PERS position	No
SERS Plan 2 or SERS Plan 3	Eligible SERS position	No—the retiree may <i>elect</i> to return to SERS membership
	Ineligible SERS position	No
TRS Plan 1	Full-time TRS position	No—the retiree may <i>elect</i> to return to TRS membership
	Less than full-time TRS position	No—the retiree may <i>elect</i> to return to TRS membership (if he/she meets eligibility requirements)
TRS Plan 2 or TRS Plan 3	Eligible TRS position	No—the retiree may <i>elect</i> to return to TRS membership
	Ineligible TRS position	No
LEOFF Plan 1 or LEOFF Plan 2	Full-time, fully compensated LEOFF position	Yes—from first day of employment
	Less than full-time, fully compensated LEOFF position	No
WSPRS	Position as a commissioned officer in WSP	Yes—from first day of employment
	Non-commissioned service with WSP	No
JRS	Elected or appointed judicial service	Yes—from first day of employment
	<i>Pro tempore</i> judicial service	No

Reporting Deferred Payments of Employee Compensation

A Summary

Some employees working in educational settings earn compensation in one month but are paid that compensation in a later month. If you defer payment of an employee's compensation, you need to make sure the employee's compensation is identified properly on the monthly transmittal. Retirement reporting requires compensation to be reported in the month it is paid and be identified by the month it is earned.

The employers who report deferred payments of employee compensation include school districts, community and technical colleges, educational service districts, the State School for the Deaf, the State School for the Blind, and four-year colleges and universities.

Procedures for Reporting Deferred Payments

Which Employees must be Considered

Special reporting on the monthly transmittal is required any time an employee has earnings deferred for payment in a later month. For example, an employee may:

- work for nine or ten months but be paid over 12 months;
- be paid on a month lag; or
- receive supplemental earnings during the year (e.g., for coaching).

Special reporting is *not* required if an employee is paid all salary in the month in which it is earned.

How to Determine the Deferred Amounts

When you defer payment of an employee's compensation, you must determine the amount of compensation (and the corresponding contributions) you have deferred each month. The following example shows how this can be accomplished for an employee who works for ten months (from September through June) but is paid over 12 months.

Note: If an employee is paid additional compensation for other duties, does not complete a contract, is given additional contracts, or makes other changes during the school year, you will need to make the necessary adjustments in your reporting to account for those changes.

Step One

Determine the amount of compensation you will *pay* the employee each month. In this example, the employee is paid over 12 months; divide the employee's total annual contract amount by 12.

Annual contract amount	\$43,200.00
Divided by months in the year	<u>÷ 12</u>
= Monthly compensation paid	\$ 3,600.00

Step Two

Determine the employee's daily or hourly rate of pay by dividing the employee's total annual contract amount by the number of days or hours the employee has been contracted to work.

Annual contract amount	\$43,200.00
Divided by contract days	<u>÷ 180</u>
= Daily salary	\$ 240.00

Or

Annual contract amount	\$43,200.00
Divided by contract days	<u>÷ 180</u>
Divided by hours in day	<u>÷ 7.5</u>
= Hourly salary	\$ 32.00

Step Three

Determine the amount of compensation the employee *earned* in a given month by multiplying the daily or hourly salary times the number of days or hours the employee worked that month. (Include days or hours the employee was in paid status; e.g., paid holidays, vacation time, or sick leave.)

Daily salary	\$ 240.00
Multiplied by days worked	<u> x 21 </u>
= Monthly compensation earned	\$5,040.00

Or

Hourly salary	\$ 32.00
Multiplied by hours worked	<u> x 157.5 </u>
= Monthly compensation earned	\$5,040.00

Step Four

Compare the monthly amount the employee was paid and the amount the employee earned. The difference is the amount of compensation that will be deferred.

Compensation earned	\$5,040.00
Minus compensation paid	<u> -3,600.00 </u>
= Deferred amount	\$1,440.00

Note: You will also need to figure the amount of contributions due on this deferred amount and report these deferred contributions when you report the deferred compensation.

How to Report the Deferred Amounts

How you report the deferred amounts of compensation and contributions will depend on the reporting method you choose. You can select either of two methods. With either method, you must always report the total compensation paid and identify the compensation by when it was earned.

Method #1: Next Month Correction

With this method, you will add lines to your transmittal report each month to account for the deferred amounts of compensation and contributions from the preceding month. The chart on the following page shows how to use this method to report a PERS Plan 1 member with a 12-month contract of \$43,200. Notice that:

- service is reported in hours because the employee is a PERS Plan 1 member;
- multiple lines are used for reporting after the employee's first month;
- the compensation and contributions that have been deferred are identified with the proper earning period; and
- with July and August reporting, status code B is used to report zero compensation, contributions, and service for these months when the employee did not work.

Report on the Monthly Transmittal						Keep in Your Records		
Report Period	Earning Period	Status Code	Comp.	Member/ Employer Contrib.	Hours	Comp. Earned	Comp. Balance Owed	Contrib. Balance Owed
09/98	09/98	A	3600.00	486.00	157.5	5040.00	1440.00	194.40
10/98	09/98	A	1440.00	194.40	0.0	5280.00	3120.00	421.20
	10/98	A	2160.00	291.60	165.0			
11/98	10/98	A	3120.00	421.20	0.0	4320.00	3840.00	518.40
	11/98	A	480.00	64.80	135.0			
12/98	11/98	A	3600.00	468.00	0.0	3360.00	3600.00	486.00
	12/98	A	0.00	0.00	105.0			
01/99	11/98	A	240.00	32.40	0.0	4560.00	4560.00	615.60
	12/99	A	3360.00	453.60	0.0			
	01/99	A	0.00	0.00	142.5			
02/99	01/99	A	3600.00	486.00	0.0	4560.00	5520.00	745.20
	02/99	A	0.00	0.00	142.5			
03/99	01/99	A	960.00	129.60	0.0	4800.00	6720.00	907.20
	02/99	A	2640.00	356.40	0.0			
	03/99	A	0.00	0.00	150.0			
04/99	02/99	A	1920.00	259.20	0.0	4800.00	7920.00	1069.20
	03/99	A	1680.00	226.80	0.0			
	04/99	A	0.00	0.00	150.0			
05/99	03/99	A	3120.00	421.20	0.0	4800.00	9120.00	1231.20
	04/99	A	480.00	64.80	0.0			
	05/99	A	0.00	0.00	150.0			
06/99	04/99	A	1800.00	108.00	0.0	840.00	3600.00	216.00
	06/99	A	0.00	0.00	52.5			
07/99	04/99	A	720.00	97.20	0.0	0.00	3600.00	472.50
	05/99	A	2880.00	388.80	0.0			
	07/99	B	0.00	0.00	0.0			
08/99	05/99	A	1920.00	259.20	0.0	0.00	0.00	0.00
	06/99	A	1680.00	226.80	0.0			
	08/99	B	0.00	0.00	0.0			
TOTAL:			43200.00			43200.00		

Method #2: End-of-Year Correction

With this method, you will wait until the last few months of the employee's contract year to account for the deferred payments from the preceding months. The chart on the following page shows how to use this method to report a TRS Plan 1 member with a 12-month contract of \$43,200. Notice that:

- a single line is used for reporting for the first nine months of the 12-month contract. Multiple lines are needed for reporting during the final three months of the contract;
- for June, July and August reporting, status code A is used to report the deferred compensation and contributions from prior months. Compensation is identified by the proper earning period; and
- with July and August reporting, status code B is used to report zero compensation, contributions and service for these months when the employee did not work.

Report on the Monthly Transmittal						Keep in Your Records		
Report Period	Earning Period	Status Code	Comp.	Member/ Employer Contrib.	Days	Comp. Earned	Comp. Deferred	Cntrib. Deferred
09/98	09/98	A	3600.00	645.48	21.0	5040.00	1440.00	258.19
10/98	10/98	A	3600.00	645.48	22.0	5280.00	1680.00	301.22
11/98	11/98	A	3600.00	645.48	18.0	4320.00	720.00	129.10
12/98	12/98	A	3600.00	645.48	14.0	3360.00	-240.00	-43.03
01/99	01/99	A	3600.00	645.48	19.0	4560.00	960.00	172.13
02/99	02/99	A	3600.00	645.48	19.0	4800.00	1200.00	215.16
03/99	03/99	A	3600.00	645.48	20.0	4800.00	1200.00	215.16
04/99	04/99	A	3600.00	645.48	20.0	4800.00	1200.00	215.16
05/99	05/99	A	3600.00	645.48	20.0	4800.00	1200.00	215.16
06/99	06/99	A	1680.00	301.22	7.0	1680.00	—	—
	09/98	A	1440.00	258.19	0.0			
	10/98	A	480.00	86.60	0.0			
07/99	07/99	B	0.00	0.00	0.0	—	—	—
	10/98	A	1200.00	215.16	0.0			
	11/98	A	720.00	129.10	0.0			
	12/98	A	-240.00	-43.03	0.0			
	01/99	A	960.00	172.13	0.0			
	02/99	A	960.00	172.13				
08/99	08/99	B	0.00	0.00	0.0	—	—	—
	03/99	A	1200.00	216.16	0.0			
	04/99	A	1200.00	216.16	0.0			
	05/99	A	1200.00	216.16	0.0			
TOTAL:			43200.00			43200.00		

Points to Remember

When reporting deferred compensation and contributions, remember the following points:

- Make sure the total compensation you report for each reporting period matches the total compensation the employee was paid for that period. Some, or all, of this compensation may need to be identified as earned in a prior period.
- Use additional lines in your reporting when you need to report more than one earning period. Use the line with the current earning period to report the actual number of hours or days the employee works in a month.
- Use status code B and report zero compensation, contributions and service in any months when the employee does not work.
- Be sure to adjust your reporting if the employee has multiple contracts, does not complete a 12-month contract, earns other compensation, or makes other changes during the school year.

Quarterly Reporting to Substitute Teachers

A Summary

Special reporting is required for any employee who works for you only as a substitute teacher. Substitute teachers are not reported on the monthly transmittal; instead, they must be provided with a quarterly report. This section describes how to accomplish this quarterly reporting to substitute teachers.

A substitute teacher may work for any of the following TRS employers: school districts, educational service districts, community or technical colleges, the State School for the Deaf, or the State School for the Blind.

Definition of a Substitute Teacher

A substitute teacher is defined as (see RCW 41.32.010(36)):

- any teacher hired as a temporary teacher, except for teachers who are contract employees and are guaranteed a minimum number of hours; or
- any teacher who works in an ineligible position for you and works for another TRS employer in an eligible or ineligible position, or as a substitute.

A temporary teacher is someone who has no written agreement to work for you, who reports for teaching only when contacted, and who may refuse any offer of employment.

The term *ineligible position* is used in TRS Plan 2 and Plan 3 law but not in TRS Plan 1 law; the second part of the definition applies only to TRS Plan 2 and Plan 3 members. An ineligible position is any position that normally requires fewer than five months of 70 or more hours of compensated employment during the school year (September 1–August 31).

Determining the Reporting Method

The type of reporting that is required will depend upon the employee's service for you. Refer to the following chart to determine the correct method to use for your reporting.

Employee	Service For You	Reporting Method
TRS Plan 1 Member	Substitute teaching only	Quarterly report
	Substitute teaching + less than full-time contract	Monthly transmittal (Report all days)
	Substitute teaching + full-time contract	Monthly transmittal (Report all days)
	Full-time contract only	Monthly transmittal
	Less than full-time contract only	Monthly transmittal
TRS Plan 1 Former (Withdrawn) Member	Substitute teaching only	Quarterly report
	Substitute teaching + less than full-time contract	Quarterly report (Report all days)
	Substitute teaching + full-time contract	Monthly transmittal (Report all days)
	Full-time contract only	Monthly transmittal
	Less than full-time contract only	Quarterly report (Optional **)
TRS Plan 2 or TRS Plan 3 Member	Substitute teaching only	Quarterly report
	Substitute teaching + TRS ineligible position *	Quarterly report (Report all hours)
	Substitute teaching + TRS eligible position *	Monthly transmittal (Report all hours)
	TRS eligible position * only	Monthly transmittal
	TRS ineligible position * only	Quarterly report (Optional **)
PERS Plan 1 or SERS Plan 2 or Plan 3 Member	Substitute teaching + PERS/SERS eligible position	Monthly transmittal (Report all hours under PERS)
	Substitute teaching + PERS/SERS ineligible position	Quarterly report (Report all hours)

* The TRS eligible or ineligible position must be a contracted position.

** If you know the employee *does not* work for any other employer, the quarterly report is optional.

The Quarterly Report

The quarterly report provides a record of the number of hours or days the substitute teacher worked and the amount of compensation earned. The substitute teacher can use the quarterly report to apply to TRS Retirement Services for service credit.

What to Include on the Quarterly Report

To be accepted as proof of service and compensation, the quarterly report must provide:

- your organization's name and TRS reporting group number. The reporting group number is not required by law on the quarterly report; including it will assist TRS Retirement Services in processing the substitute's application;
- the employee's name and Social Security number;
- the total number of hours (for TRS Plan 2 or TRS Plan 3) or days (for TRS Plan 1) the employee worked for you each month. (If you are not sure of an employee's plan, report the employee's hours or days and give the conversion rate; for example, 7.5 hours = 1 day.);
- the total amount of compensation the employee earned with you each month. (Be sure to identify compensation by when it was earned, not by when it was paid.); and
- the signature of the payroll officer or other person authorized to sign Verification of Employment forms. (A signature plate may be used.)

If your quarterly report does not provide this information, you will be required to provide any missing details at the time the substitute applies for service credit.

When to Provide the Quarterly Report

You must provide a report to each substitute teacher at least on a quarterly basis. You can divide the year into the quarters most convenient for you to use for reporting. For example, you could assign the months September, October and November as the first quarter, or you could select July, August and September as the first quarter. You may also provide the report on a monthly basis.

The school year for TRS Plan 1 substitute teachers is the period from July 1 of one year through June 30 of the following year. The school year for TRS Plan 2 and Plan 3 substitute teachers is the period from September 1 of one year through August 31 of the following year.

What the Quarterly Report Should Look Like

On the following page, is an example of a quarterly report using the recommended format. This sample shows how information should be reported for the first quarter of a school year. The remainder of the report is completed as the employee worked the remaining quarters of the year.

Substitute Teacher's Quarterly Report

Belltown School District
Reporting Group No.: 654321

Employee Name: John Wright SSN: 555 11 0000
Employee Address: 1200 W. Main
Belltown, WA 98000

Month	Days	Hours	Compensation
September	17	127.5	\$ 1,360.00
October	20	150.0	\$ 1,600.00
November	15	112.5	\$ 1,200.00
1st Quarter Totals	52	390.0	\$ 4,160.00
December	00	00.0	\$ 00
January	00	00.0	\$ 00
February	00	00.0	\$ 00
2nd Quarter Totals	00	00.0	\$ 00
March	00	00.0	\$ 00
April	00	00.0	\$ 00
May	00	00.0	\$ 00
3rd Quarter Totals	00	00.0	\$ 00
June	00	00.0	\$ 00
July	00	00.0	\$ 00
August	00	00.0	\$ 00
4th Quarter Totals	00	00.0	\$ 00
Yearly Totals	52	00.0	\$ 4,160.00

Conversion Factor: 1 day = 7.5 hours

Signature (Payroll Officer): _____

How the Quarterly Report is Used

Substitute teachers can use the quarterly report to apply for service credit for a period of employment. Substitutes can apply for service credit any time before their retirement. To receive service credit, the individual must:

- be an active TRS member (or be eligible for TRS membership based on the service as a substitute);
- submit the quarterly reports after the end of the school year for which application is being made (June 30 for TRS Plan 1 or August 31 for TRS Plan 2 or Plan 3) and before retirement; and
- pay all employee contributions due, as well as any interest that may apply.

Note: The employee will be billed for the interest on both employee and employer contributions if payment is made more than six months after the end of the school year for which application has been made. The employer will be billed for employer contributions only after the employee's contributions and any applicable interest have been paid.

If employees have questions about this option to establish service credit for substitute teaching, refer them to the DRS pamphlet titled *Substitute Teachers' Service Credit* or have them contact TRS Retirement Services.

Reporting in Higher Education

A Summary

Washington State has six distinct, and one category of, institutions of higher education (Institutions):

- University of Washington (UW)
- Washington State University (WSU)
- Western Washington University (Western)
- Central Washington University (Central)
- Eastern Washington University (Eastern)
- The Evergreen State College (Evergreen)
- The State Community and Technical Colleges

In Washington State higher education institutions, many employees who would be mandated into PERS or TRS may be exempted if they qualify for membership in a Higher Education Retirement Plan (HERP). The four-year Institutions have each developed rules for participation in their own retirement plans. The State Board for Community and Technical Colleges sponsors rules for the HERP for the Community and Technical Colleges, adopting and implementing the rules each college uses to locally administer the plan. Please check with the appropriate individual at your institution for details about the requirements for HERP participation.

An employee who is eligible for HERP participation and is a current PERS or TRS member may be given certain options for retirement coverage. This section provides information about these options for PERS or TRS members working in higher education.

Retirement Options for PERS or TRS Members

Active PERS or TRS Members

Depending upon the rules at your institution, an active PERS or TRS member who is eligible for coverage by a Higher Education Retirement Plan (HERP) **may** be allowed the following options for retirement coverage.

The employee may:

- continue membership in PERS or TRS and not join a HERP;
- continue membership in PERS or TRS until vested, then end PERS or TRS membership and join a HERP;
- end PERS or TRS membership immediately and join a HERP; or
- end PERS or TRS membership immediately and postpone making contributions to a HERP for up to two years. Employees of community colleges, technical colleges and several of the four-year higher education institutions are not provided this option after January 1, 1997.

Please contact your plan administrator for other options that may be available.

An active member of PERS Plan 1 or Plan 2 can continue membership in PERS if employed in an eligible PERS position. An active member of TRS Plan 1 can continue membership in TRS if hired under a written contract, regardless of the number of hours of employment. An active member of TRS Plan 2 or TRS Plan 3 can continue membership in TRS if employed in an eligible TRS position. (See Chapter 2 for details about membership requirements.)

If an employee elects to continue PERS or TRS membership, report him or her on the monthly transmittal from the first day of eligible employment.

Note: When describing the membership options, let the employee know this is a one-time, irrevocable election. An employee cannot elect to end PERS or TRS membership and then later, based on the same employment with you, elect to rejoin PERS or TRS.

Former PERS or TRS Members

A former member of PERS or TRS who has withdrawn contributions from the system is treated the same as an individual who has never been a PERS or TRS member. If the individual is eligible for HERP coverage, he or she may elect to join a HERP immediately, if allowed, or wait up to two years (without any retirement coverage) and then join a HERP.

Reporting Retirees

Retirees from TRS, PERS, SERS, LEOFF, WSPRS, or JRS hired to work for a higher education institution, is subject to the same return-to-work rules as a retiree hired to work for any DRS covered employer. Please refer to Chapters 7 and 8 for instructions for reporting retirees on the transmittal.

Note: A retiree from PERS Plan 1, 2 or 3, who has been separated from employment for one full calendar month following the retirement accrual date, may continue to receive his/her monthly benefit as long as they are an active member of a higher education retirement plan. (WAC 415-108-710). The retiree will be reported on the transmittal report as a retiree employed in an ineligible position as long as they remain an active member of a higher education retirement plan.

A retiree from a system other than PERS, who is an active member of the higher education retirement plan, will be subject to the DRS retiree return-to-work rules for the system and plan from which he/she retired. You must also report the correct position status; e.g., eligible or ineligible.

Chapter 6: Contributions

Chapter Overview

This chapter provides information on member and employer contributions to the Washington State retirement systems. Refer to this chapter for:

- General information about retirement contributions
- Information about nontaxed and taxed contributions
- Instructions on how to become a nontaxed employer
- Procedures for calculating, reporting, and paying employer and member contributions
- Contribution rate tables for the following retirement systems:
 - Public Employees' Retirement System (PERS)
 - School Employees' Retirement System (SERS)
 - Teachers' Retirement System (TRS)
 - Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)
 - Washington State Patrol Retirement System (WSPRS)
 - Judicial Retirement System (JRS)
 - Judges' Retirement Fund (JRF)

Refer to Chapters 7 and 8 for instructions on how to report on the monthly transmittal.

Refer to Chapter 10 for instructions on how to complete a Payment Advice form.

Retirement Contributions

How Contributions Fund the Retirement System

Each member and employer is required to contribute a set percentage of the member's monthly compensation to the retirement fund. PERS, SERS and TRS Plan 3 members must select one of six rate options available. Contribution rates are listed on the tables at the end of this chapter.

Except for PERS, SERS and TRS Plan 3, member and employer contributions and their investment earnings fund the current and future retirement benefits of members of the retirement systems. A small percentage of the employer contribution rate pays the administrative expenses of DRS. For PERS, SERS and TRS Plan 3, the employer contributions and their investment earnings fund the defined benefit component of the retirement benefit; the defined contribution component is financed by the member's contributions and provides a tax-deferred investment program for the member.

How Contribution Rates Are Established

Member contribution rates for PERS Plan 1, TRS Plan 1, LEOFF Plan 1, and WSPRS Plan 1 and Plan 2 are set in statute and will not change unless changed by law. Employer contribution rates for all plans and member rates for PERS Plan 2, TRS Plan 2, and LEOFF Plan 2 are established by the Pension Funding Council. Council members are the chair and ranking minority members of the House Appropriations and the Senate Ways and Means Committees, and the directors of DRS and OFM. Contribution rates vary for the different systems and plans.

PERS, SERS and TRS Plan 3 member rates are established by the Employee Retirement Benefits Board (ERBB). The ERBB is chaired by the Director of DRS and is composed of eight members. The eight members are appointed by the Governor as follows:

- three members representing PERS: one retired, two active;
- three members representing TRS: one retired, two active; and
- two members with experience in defined contribution plan administration.

Contributions and Retirement Benefits

All DRS plans are defined benefit plans. Vested members will receive a benefit based on their accumulated service credit and final average salary (compensation) at time of retirement.

PERS, SERS and TRS Plan 3 is a two component retirement system; i.e., defined benefit and defined contribution. Member contributions and their investment earnings (both gains and losses) will determine the amount a member receives. Member contributions have no impact to the defined benefit component of a PERS, SERS and TRS Plan 3 retirement benefit.

Member contributions and benefits are explained more fully in the member handbooks. If you have additional questions about contributions and retirement benefits, contact the appropriate retirement services unit at DRS.

Reportable Compensation

Contributions are calculated only on reportable compensation. In general, a member's gross pay earned during a payroll period is reportable compensation. The specific compensation that can be reported to DRS is defined differently by each system and plan. See Chapter 4 for information on the reportable compensation within each system and plan.

Nontaxed Contributions and Employers

Employers have been allowed to defer member retirement contributions from federal income tax since September 1, 1984 (See RCW 41.04.440-455). The taxes can be deferred because participating employers pay (or "pick up") the member's contributions to the retirement system and then recover the amount by deducting it from the member's gross pay.

Mandatory versus Optional Participation

Deferral of federal income taxes on member contributions is mandatory for some employers, optional for others. The following employers are required by state law to participate in tax deferral:

- State agencies
- School districts
- Community and technical colleges
- Universities
- Educational service districts
- The Office of the Administrator for the Courts

All other employers may choose to participate in the deferral of taxes on member contributions. Though participation is optional, you must notify DRS of your intent to begin deferral. For information about the required notification to DRS, see the section “Establishing Nontaxed Status” below.

Employer Liability

Deferring federal income taxes on member contributions entails additional financial responsibility for employers. Because contributions are based on the reported compensation, the employer must “pick up” the required member and employer contributions and pay this amount to DRS. If retroactive contributions are due, the employer is responsible for forwarding the contributions on behalf of the employee and having the employee reimburse the employer for the picked up contributions.

Establishing Nontaxed Status

If you are an employer for whom tax deferral is optional and you decide to participate, you must comply with the following requirements:

- You must treat contributions the same way for all members of a specific retirement system—deducting contributions from gross income before calculating the federal income tax liability. (An individual member may *not* choose to make required contributions on after-tax dollars.)
- If you have members enrolled in several retirement systems, you may treat contributions differently for members of each system. If you employ PERS members and LEOFF members, the PERS members may participate while the LEOFF members may not, or vice versa.
- You must notify DRS in writing of your intent to participate. The letter should reach DRS 45 days before the first day of the calendar month in which you wish to implement tax-deferred contributions. Your letter should include:
 - the name and reporting group number of all systems affected;
 - the name of the person in your organization whom DRS should contact if more information is necessary;
 - the month and year that the deferred status is to begin; and

—the signature of an authorized representative of your agency or organization.

Mail your letter of notification to:

Department of Retirement Systems
Enrollment Unit
P.O. Box 48380
Olympia, WA 98504-8380

DRS will send you a letter of confirmation and instructions for transmittal reporting.

Before implementation, as a courtesy to your members, you should provide them with a complete explanation of the effects of the change. DRS will enclose explanatory material with your letter of confirmation. If you need more information, DRS suggests you contact a tax advisor.

Your payroll department should be notified the taxes will be deferred on member retirement contributions; i.e., contributions will be deducted from gross pay before federal income taxes are calculated. You should ensure the information is properly reported to the Internal Revenue Service (IRS) and W-2 forms reflect the tax-deferred status.

Once you have started tax-deferred contributions, you may choose to end your tax-deferred status at any time. You may begin or end only once in a 12-month period, and you must provide at least 45 days notice to DRS prior to the change in status

Nontaxed Contributions and Members

Deferring taxes on member contributions affects a member in several ways:

- A member's take home pay may be increased by the amount of tax that would have been withheld on his or her contributions.
- A member's gross pay is reduced for federal income tax purposes only. The gross pay for Social Security, retirement compensation reporting, retirement benefit calculations and all other purposes will be the full gross pay including the retirement contributions.

Example:

a. Gross pay/reportable compensation	\$2000.00
Multiplied by member rate	x. 06
=Member Contribution	\$120.00

b. Gross pay/reportable compensation	\$2000.00
Minus member contribution	- 120.00
= Member's gross federal taxable income	\$1880.00

c. Gross pay for all purposes other than federal income tax	\$2000.00
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- For each member, DRS maintains a record of contribution amounts on which taxes have been paid and amounts on which taxes have not been paid. This information is reported to the IRS when the member separates from service and withdraws contributions, or when the member retires.
- Since income tax is deferred, the contributions are subject to taxation in the year in which the member receives them from the retirement system. This affects members requesting a refund and retiring members differently. (See publications *Withdrawal of Retirement Contributions* and for TRS Plan 3, *Request for Payment of Defined Contribution Funds*.)

Contributions and Federal Income Tax

Retirement contributions are always calculated on the member's reportable compensation. The amount on which federal withholding tax is calculated will vary according to whether contributions are taxed or nontaxed. Prior to September 1, 1984, retirement contributions were subject to withholding tax (except for JRS and JRF that have always been nontaxed). After August 31, 1984, retirement contributions are not subject to withholding tax if the employer participates in tax-deferral (nontaxed), or "pick up" (see RCW 41.04.440-455) of employee contributions. For more information on tax-deferred contributions, see the section in this chapter, "Nontaxed Contributions and Members."

The following examples show how contributions, which are taxed or nontaxed, affect a member's federal taxable income.

- If the member contributions are taxed, both federal withholding tax and retirement contributions are calculated on the reportable compensation.

Example:

a. Reportable compensation	\$2000.00
Multiplied by member rate	<u>x .06</u>
= Member Contribution	\$ 120.00

b. Reportable compensation	\$2000.00
= Income subject to withholding tax	

- If the member contributions are nontaxed, the member contributions are calculated on the reportable compensation and the contributions are subtracted before the federal withholding tax is calculated.

Example:

a. Reportable compensation	\$2000.00
Multiplied by member rate	<u>x .06</u>
= Member Contribution	\$ 120.00

b. Reportable compensation	\$2000.00
Minus member contribution	<u>- 120.00</u>
= Income subject to withholding tax	\$1880.00

Contributions and Federal Withholding Tax in Prior Periods

If you are an employer for whom participation in tax-deferral is optional, remember contributions may or may not have been taxed in prior periods. Be conscious of this issue when reporting contributions for periods between September 1, 1984, and the current period.

Procedures for Reporting and Paying Contributions

The following pages describe procedures for calculating and reporting member and employer contributions and for paying the total contributions due. If you have questions about calculating and reporting member and employer contributions, please contact ESS. If you have questions about paying the contributions due, please contact your DRS Account Manager.

Calculating Member Contributions

For each retirement system member, you must calculate the member contributions due. To calculate member contributions:

- Confirm the correct plan for the member. (Contribution rates may be different for each plan.)
- Determine the appropriate contribution rate for the earning period being reported. (If the calculation is for a Plan 3 member who transferred from Plan 2, use the member's selected Plan 3 rate option.)

Note: New Plan 3 members and Plan 3 members who change employers have 90 days to choose a contribution rate option. If a rate option is not chosen within 90 days, Option A should be used as the default rate option.

- Using the contribution rate tables at the end of this chapter, multiply each member's reportable compensation by the appropriate rate for each reported earning period—does not apply to Plan 3. Use the current Plan 3 member rate for all earnings being paid. Carry the calculation to four decimal places.

Example:

Reportable compensation	\$3022.2200
Multiplied by member rate	<u>x .0600</u>
= Member contribution	\$ 181.3332

- Round the calculated amount to the nearest two decimal places for each transaction line on the transmittal.

Member contribution	\$181.3332
Rounded to two places	\$181.33

Reporting Member Contributions

Your method of reporting member contributions will vary depending on whether you report by automated means or by prelist (manual).

If you report by automated means:

- Report the member contributions on each transaction line on your monthly transmittal.
- In the summary record, provide a grand total of the member contributions.

If you report by prelist:

- Use a pen to enter the calculated member contributions for each member in the MEMBER CONTRIBUTIONS field.

Note: If the calculated amount is the same as the amount already preprinted on the report, do not enter a corrected amount.

- Adjust the page, plan and system totals as necessary.

Calculating Employer Contributions

In addition to calculating member contributions, you must calculate employer contributions on each member's compensation. To calculate employer contributions:

- Confirm the correct plan for the member. (Contribution rates may be different for each plan.)
- Determine whether calculations should be made using the current rate or a rate for a prior earning period.
- Using the contribution rate tables at the end of this chapter, multiply each member's reportable compensation by the appropriate rate for each reported earning period. Carry the calculation to four decimal places.

Example:

Reportable compensation	\$3011.0000
Multiplied by employer rate	x <u>1193</u>
= Employer contribution	\$ 359.2123

- Round the calculated amount to the nearest two decimal places for each transaction line on the transmittal.

Employer contribution	\$359.2123
Rounded to two places	\$359.21

Reporting Employer Contributions

Your method of reporting employer contributions will vary depending on whether you report by automated means or by prelist.

If you report by automated means:

- Report the employer contributions on each transaction line on your monthly transmittal.
- In the summary record, provide a grand total of the employer contributions.

If you report by prelist:

- Use a pen to enter the calculated employer contributions for each member in the EMPLOYER CONTRIBUTIONS field.

Note: If the calculated amount is the same as the amount already preprinted on the report, do not enter a corrected amount.

- Adjust the page, plan and system totals as necessary.

Paying the Total Contributions

In addition to calculating and reporting the member and employer contributions on the monthly transmittal, you must submit payment of the total amount to DRS. A Payment Advice form must accompany any money sent to DRS.

Note: A Plan 3 Payment Advice form must be used for Plan 3 payments.

To submit your contribution payment to DRS:

- Add together the total employer contributions and the total member contributions for each plan to determine the grand total of contributions to be paid to DRS.
- Prepare the check(s), warrant(s) or other payment document(s), payable to DRS for the correct amount.
- Complete a Payment Advice form(s) to enclose with your check or other payment document(s). You must identify the invoice number the payment is for and the portion of the payment designated for each plan.

- Complete a Plan 3 Payment Advice to report payment for Plan 3. You must identify the portion attributable to each investment program (WSIB or SELF) for the defined contributions (member) portion of the payment.
- See Chapter 10 for instructions on how to fill out the payment forms. (Agencies that use electronic fund transfers do not normally use Payment Advice forms.)
- Mail your payment and Payment Advice forms to DRS separately from your monthly transmittal report. Payments only are mailed to:

Department of Retirement Systems
P.O. Box 9018
Olympia, WA 98507-9018

Remember that payments for employer and member contributions are due at DRS on the 15th of the month following the current reporting period. Payments made by journal voucher should be posted by the State Treasurer's office no later than the 15th of the month following the reporting period. Payments received by mail more than three business days after the 15th will be considered late and may be subject to interest.

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Contribution Rate Tables

PERS Plan 1—State Agencies Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE
10/01/47	03/31/49	.05	—
04/01/49	12/31/49	.05	.05/\$.29 ¹
01/01/50	03/31/53	.05	.05/\$.21 ¹
04/01/53	03/31/55	.05	.05/\$.32 ¹
04/01/55	06/30/57	.05	.05/\$.31 ¹
07/01/57	06/30/65	.05	.06/\$.27 ¹
07/01/65	06/30/67	.05	.06/\$.32 ¹
07/01/67	06/30/69	.05	.06/\$.38 ¹
07/01/69	06/30/71	.05	.0610
07/01/71	06/30/73	.05	.0446
07/01/73	06/30/75	.06	.0705
07/01/75	06/30/76	.06	.0715
07/01/76	06/30/77	.06	.0710
07/01/77	06/30/79	.06	.0577
07/01/79	06/30/81	.06	.0709
07/01/81	07/31/82	.06	.0650
08/01/82	06/30/83	.06	.0656
07/01/83	06/30/85	.06	.0726
07/01/85	06/30/86	.06	.0922
07/01/86	06/30/87	.06	.0927
07/01/87	08/31/88	.06	.0611
09/01/88	06/30/89	.06	.0617
07/01/89	08/31/90	.06	.0650
09/01/90	08/31/91	.06	.0761
09/01/91	08/31/92	.06	.0794
09/01/92	06/30/93	.06	.0751
07/01/93	08/31/93	.06	.0746
09/01/93	08/31/95	.06	.0758
09/01/95	08/31/97	.06	.0762
09/01/97	06/30/99	.06	.0750
07/01/99	04/30/00	.06	.0460
05/01/00	08/31/00	.06	.0381
09/01/00	06/30/01	.06	.0467
07/01/01	03/31/02	.06	.0177
04/01/02	04/30/02	.06	.0133
05/01/02	06/30/03	.06	.0132
07/01/03	08/31/04	.06	.0140
09/01/04	Current	.06	.0138 ²

1. From April 1, 1949, through June 30, 1969, employer administrative expense contributions were based on member monthly transactions, i.e., and one transaction charge per month for each reported member. As an example, from April 1, 1949, through December 31, 1949, employers paid 29 cents per transaction in that period, over and above their 5% employer contributions.
2. Current employer contribution rate includes an administrative expense rate of .0019.

PERS Plan 2—State Agencies Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE¹
10/01/77 ²	06/30/79	.0551	.0707
07/01/79	06/30/81	.0551	.0724
07/01/81	07/31/82	.0511	.0650
08/01/82	06/30/83	.0511	.0656
07/01/83	06/30/85	.0511	.0726
07/01/85	06/30/86	.0483	.0838
07/01/86	06/30/87	.0483	.0843
07/01/87	08/31/88	.0490	.0615
09/01/88	06/30/89	.0490	.0621
07/01/89	08/31/90	.0470	.0650
09/01/90	08/31/91	.0470	.0761
09/01/91	12/31/91	.0470	.0794
01/01/92	08/31/92	.0485	.0794
09/01/92	06/30/93	.0485	.0751
07/01/93	08/31/93	.0485	.0746
09/01/93	08/31/95	.0500	.0758
09/01/95	08/31/97	.0508	.0762
09/01/97	06/30/99	.0465	.0750
07/01/99	04/30/00	.0185	.0460
05/01/00	08/31/00	.0154	.0381
09/01/00	06/30/01	.0243	.0467
07/01/01	03/31/02	.0088	.0177
04/01/02	04/30/02	.0065	.0133
05/01/02	06/30/03	.0065	.0132
07/01/03	08/31/04	.0118	.0140
09/01/04	Current	.0118	.0138 ³

1. Employer contribution rate for PERS Plan 3 is the same.
2. To report Plan 2 members for periods prior to October 1, 1977, use the member contribution rate of .0551. To determine the employer contribution rate, use the Plan 1 employer rate that was in effect for the earning period being reported.
3. Current employer contribution rate includes an administrative expense rate of .0019

PERS Plan 1—Non-State Agencies (Political Subdivisions) Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE
10/01/47	03/31/49	.05	—
04/01/49	12/31/49	.05	.05/\$.29 ¹
01/01/50	03/31/53	.05	.05/\$.21 ¹
04/01/53	03/31/55	.05	.05/\$.32 ¹
04/01/55	06/30/57	.05	.05/\$.31 ¹
07/01/57	06/30/65	.05	.06/\$.27 ¹
07/01/65	06/30/67	.05	.06/\$.32 ¹
07/01/67	06/30/69	.05	.06/\$.38 ¹
07/01/69	06/30/73	.05	.0610
07/01/73	06/30/75	.06	.0695
07/01/75	06/30/76	.06	.0705
07/01/76	06/30/77	.06	.0700
07/01/77	06/30/79	.06	.0567
07/01/79	06/30/81	.06	.0736
07/01/81	07/31/82	.06	.0650
08/01/82	06/30/83	.06	.0656
07/01/83	06/30/85	.06	.0731
07/01/85	06/30/86	.06	.0876
07/01/86	06/30/87	.06	.0881
07/01/87	08/31/88	.06	.0612
09/01/88	06/30/89	.06	.0618
07/01/89	08/31/90	.06	.0650
09/01/90	08/31/91	.06	.0761
09/01/91	08/31/92	.06	.0794
09/01/92	06/30/93	.06	.0751
07/01/93	08/31/93	.06	.0746
09/01/93	08/31/95	.06	.0758
09/01/95	08/31/97	.06	.0762
09/01/97	06/30/99	.06	.0750
07/01/99	04/30/00	.06	.0460
05/01/00	08/31/00	.06	.0381
09/01/00	06/30/01	.06	.0467
07/01/01	03/31/02	.06	.0177
04/01/02	04/30/02	.06	.0133
05/01/02	06/30/03	.06	.0132
07/01/03	08/31/04	.06	.0140
09/01/04	Current	.06	.0138 ²

1. From April 1, 1949, through June 30, 1969, employer administrative expense contributions were based on member monthly transactions, i.e., one transaction charge per month for each reported member. As an example, from April 1, 1949, through December 31, 1949, employers paid 29 cents per transaction in that period, over and above their 5% employer contributions.
2. Current employer contribution rate includes an administrative expense rate of .0019.

PERS Plan 2—Non-State Agencies (Political Subdivisions) Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE¹
10/01/77 ²	06/30/79	.0551	.0707
07/01/79	06/30/81	.0551	.0741
07/01/81	07/31/82	.0511	.0650
08/01/82	06/30/83	.0511	.0656
07/01/83	06/30/85	.0511	.0731
07/01/85	06/30/86	.0483	.0792
07/01/86	06/30/87	.0483	.0797
07/01/87	08/31/88	.0490	.0616
09/01/88	06/30/89	.0490	.0622
07/01/89	08/31/90	.0470	.0650
09/01/90	08/31/91	.0470	.0761
09/01/91	12/31/91	.0470	.0794
01/01/92	08/31/92	.0485	.0794
09/01/92	06/30/93	.0485	.0751
07/01/93	08/31/93	.0485	.0746
09/01/93	08/31/95	.0500	.0758
09/01/95	08/31/97	.0508	.0762
09/01/97	06/30/99	.0465	.0750
07/01/99	04/30/00	.0185	.0460
05/01/00	08/31/00	.0154	.0381
09/01/00	06/30/01	.0243	.0467
07/01/01	03/31/02	.0088	.0177
04/01/02	04/30/02	.0065	.0133
05/01/02	06/30/03	.0065	.0132
07/01/03	08/31/04	.0118	.0140
09/01/04	Current	.0118	.0138 ³

1. Employer contribution rate for PERS Plan 3 is the same.
2. To report Plan 2 members for periods prior to October 1, 1977, use the member contribution rate of .0551. To determine the employer contribution rate, use the Plan 1 employer rate that was in effect for the earning period being reported.
3. Current employer contribution rate includes an administrative expense rate of .0019.

PERS PLAN 1—State Government Elected Officials Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE
10/01/47	03/31/49	.05	-
04/01/49	12/31/49	.05	.05/\$.29 ¹
01/01/50	03/31/53	.05	.05/\$.21 ¹
04/01/53	03/31/55	.05	.05/\$.32 ¹
04/01/55	06/30/57	.05	.05/\$.31 ¹
07/01/57	06/30/65	.05	.06/\$.27 ¹
07/01/65	06/30/67	.05	.06/\$.32 ¹
07/01/67	06/30/69	.05	.06/\$.38 ¹
07/01/69	04/30/71	.05	.0610
05/01/71	06/30/71	.075	.0610
07/01/71	06/30/73	.075	.0446
07/01/73	06/30/75	.075	.1205
07/01/75	06/30/76	.075	.1215
07/01/76	06/30/77	.075	.1210
07/01/77	06/30/79	.075	.0996
07/01/79	06/30/81	.075	.1219
07/01/81	07/31/82	.075	.0967
08/01/82	06/30/83	.075	.0973
07/01/83	06/30/85	.075	.1081
07/01/85	06/30/86	.075	.1352
07/01/86	06/30/87	.075	.1357
07/01/87	08/31/88	.075	.0841
09/01/88	06/30/89	.075	.0847
07/01/89	08/31/90	.075	.0964
09/01/90	08/31/91	.075	.1131
09/01/91	08/31/92	.075	.1168
09/01/92	06/30/93	.075	.1116
07/01/93	08/31/93	.075	.1111
09/01/93	08/31/95	.075	.1129
09/01/95	08/31/97	.075	.1133
09/01/97	06/30/99	.075	.1116
07/01/99	04/30/00	.075	.0681
05/01/00	08/31/00	.075	.0560
09/01/00	06/30/01	.075	.0689
07/01/01	03/31/02	.075	.0254
04/01/02	04/30/02	.075	.0188
05/01/02	06/30/03	.075	.0187
07/01/03	08/31/04	.075	.0199
09/01/04	Current	.075	.0198 ²

1. From April 1, 1949, through June 30, 1969, employer administrative expense contributions were based on member monthly transactions, i.e., one transaction charge per month for each reported member. As an example, from April 1, 1949, through December 31, 1949, employers paid 29 cents per transaction in that period, over and above their 5% employer contributions.
2. Current employer contribution rate includes an administrative expense rate of .0019.

PERS Plan 2—State Government Elected Officials Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE¹
10/01/77 ²	06/30/79	.0551	.0707
07/01/79	06/30/81	.0551	.0724
07/01/81	07/31/82	.0511	.0650
08/01/82	06/30/83	.0511	.0656
07/01/83	06/30/85	.0511	.0731
07/01/85	06/30/86	.0483	.0838
07/01/86	06/30/87	.0483	.0843
07/01/87	08/31/88	.0490	.0670
09/01/88	06/30/89	.0490	.0676
07/01/89	08/31/90	.0470	.0650
09/01/90	08/31/91	.0470	.0761
09/01/91	12/31/91	.0470	.0794
01/01/92	08/31/92	.0485	.0794
09/01/92	06/30/93	.0485	.0751
07/01/93	08/31/93	.0485	.0746
09/01/93	08/31/95	.0500	.0758
09/01/95	08/31/97	.0508	.0762
09/01/97	06/30/99	.0465	.0750
07/01/99	04/30/00	.0185	.0460
05/01/00	08/31/00	.0154	.0381
09/01/00	06/30/01	.0243	.0467
07/01/01	03/31/02	.0088	.0177
04/01/02	04/30/02	.0065	.0133
05/01/02	06/30/03	.0065	.0132
07/01/03	08/31/04	.0118	.0140
09/01/04	Current	.0118	.0138 ³

1. Employer contribution rate for PERS Plan 3 is the same.
2. To report Plan 2 members for periods prior to October 1, 1977, use the member contribution rate of .0551. To determine the employer contribution rate, use the Plan 1 employer rate that was in effect for the earning period being reported.
3. Current employer contribution rate includes an administrative expense rate of .0019.

PERS Plan 3 Member Contribution Rate Options	
Option	Contribution Rate
A	5 percent of pay at all ages
B	5 percent of pay until age 35 6 percent of pay from age 35 until 44 7.5 percent age 45 and above
C	6 percent of pay until age 35 7.5 percent of pay from age 35 until 44 8.5 percent age 45 and above
D	7 percent of pay at all ages
E	10 percent of pay at all ages
F	15 percent of pay at all ages

PERS Plan 3 Employer Contribution Rate
The employer contribution rate for PERS Plan 3 is the same as the PERS Plan 2 rate.

SERS Plan 2 Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE¹
10/01/77 ²	06/30/79	.0551	.0707
07/01/79	06/30/81	.0551	.0741
07/01/81	07/31/82	.0511	.0650
08/01/82	06/30/83	.0511	.0656
07/01/83	06/30/85	.0511	.0731
07/01/85	06/30/86	.0483	.0792
07/01/86	06/30/87	.0483	.0797
07/01/87	08/31/88	.0490	.0616
09/01/88	06/30/89	.0490	.0622
07/01/89	08/31/90	.0470	.0650
09/01/90	08/31/91	.0470	.0761
09/01/91	12/31/91	.0470	.0794
01/01/92	08/31/92	.0485	.0794
09/01/92	06/30/93	.0485	.0751
07/01/93	08/31/93	.0485	.0746
09/01/93	08/31/95	.0500	.0758
09/01/95	08/31/97	.0508	.0762
09/01/97	06/30/99	.0465	.0750
07/01/99	04/30/00	.0185	.0460
05/01/00	08/31/00	.0154	.0381
09/01/00	08/31/01	.0243	.0467
09/01/01	03/31/02	.0088	.0177
04/01/02	04/30/02	.0035	.0119
05/01/02	08/31/03	.0035	.0118
09/01/03	08/31/04	.0085	.0107
09/01/04	Current	.0085	.0104 ³

1. Employer contribution rate for SERS Plan 3 is the same.
2. To report Plan 2 members for periods prior to October 1, 1977, use the member contribution rate of .0551. To determine the employer contribution rate, use the Plan 1 employer rate that was in effect for the earning period being reported.
3. Current employer contribution rate includes an administrative expense rate of .0019.

SERS Plan 3 Member Contribution Rate Options	
Option	Contribution Rate
A	5 percent of pay at all ages
B	5 percent of pay until age 35 6 percent of pay from age 35 until 44 7.5 percent age 45 and above
C	6 percent of pay until age 35 7.5 percent of pay from age 35 until 44 8.5 percent age 45 and above
D	7 percent of pay at all ages
E	10 percent of pay at all ages
F	15 percent of pay at all ages

SERS Plan 3 Employer Contribution Rate
The employer contribution rate for SERS Plan 3 is the same as the SERS Plan 2 rate.

TRS Plan 1—School Districts and Educational Service Districts Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE
07/01/47	06/30/74	.05	—
07/01/74	08/31/86	.06	—
09/01/86	08/31/87	.06	.1233
09/01/87	08/31/88	.06	.1149
09/01/88	08/31/89	.06	.1155
09/01/89	08/31/90	.06	.1202
09/01/90	08/31/91	.06	.1328
09/01/91	08/31/92	.06	.1296
09/01/92	06/30/93	.06	.1246
07/01/93	08/31/93	.06	.1241
09/01/93	08/31/95	.06	.1300
09/01/95	08/31/97	.06	.1242
09/01/97	06/30/99	.06	.1193
07/01/99	08/31/99	.06	.1194
09/01/99	04/30/00	.06	.0868
05/01/00	08/31/00	.06	.0626
09/01/00	08/31/01	.06	.0733
09/01/01	03/31/02	.06	.0298
04/01/02	04/30/02	.06	.0128
05/01/02	08/31/03	.06	.0127
09/01/03	08/31/04	.06	.0139
09/01/04	Current	.06	.0137 ¹

1. Current employer contribution rate includes an administrative expense rate of .0019.

TRS Plan 2 School Districts and Educational Service Districts Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE ¹
10/01/77 ²	06/30/79	.0566	—
07/01/79	06/30/81	.0640	—
07/01/81	06/30/83	.0621	—
07/01/83	06/30/85	.0635	—
07/01/85	08/31/86	.0645	—
09/01/86	08/31/87	.0645	.1233
09/01/87	08/31/88	.0699	.1149
09/01/88	08/31/89	.0699	.1155
09/01/89	08/31/90	.0670	.1202
09/01/90	08/31/91	.0670	.1328
09/01/91	12/31/91	.0670	.1296
01/01/92	08/31/92	.0626	.1296
09/01/92	06/30/93	.0626	.1246
07/01/93	08/31/93	.0626	.1241
09/01/93	08/31/95	.0646	.1300
09/01/95	08/31/97	.0659	.1242
09/01/97	06/30/99	.0603	.1193
07/01/99	08/31/99	.0603	.1194
09/01/99	04/30/00	.0294	.0868
05/01/00	08/31/00	.0185	.0626
09/01/00	08/31/01	.0301	.0733
09/01/01	03/31/02	.0123	.0298
04/01/02	04/30/02	.0015	.0128
05/01/02	08/31/03	.0015	.0127
09/01/03	08/31/04	.0087	.0139
09/01/04	Current	.0087	.0137 ³

1. Employer contribution rate for TRS Plan 3 is the same.
2. To report Plan 2 members for periods prior to October 1, 1977, use the member contribution rate of .0566. To determine the employer contribution rate, use the Plan 1 employer rate that was in effect for the earning period being reported.
3. Current employer contribution rate includes an administrative expense rate of .0019.

TRS Plan 1—State Agencies & Higher Education Contribution Rates ¹			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE
07/01/47	06/30/74	.05	—
07/01/74	08/31/85	.06	—
09/01/85	08/31/86	.06	.1229
09/01/86	08/31/87	.06	.1233
09/01/87	08/31/88	.06	.1149
09/01/88	08/31/89	.06	.1155
09/01/89	08/31/90	.06	.1202
09/01/90	08/31/91	.06	.1328
09/01/91	08/31/92	.06	.1296
09/01/92	06/30/93	.06	.1246
07/01/93	08/31/93	.06	.1241
09/01/93	08/31/95	.06	.1300
09/01/95	08/31/97	.06	.1242
09/01/97	06/30/99	.06	.1193
07/01/99	08/31/99	.06	.1194
09/01/99	04/30/00	.06	.0868
05/01/00	08/31/00	.06	.0626
09/01/00	08/31/01	.06	.0733
09/01/01	03/31/02	.06	.0298
04/01/02	04/30/02	.06	.0128
05/01/02	08/31/03	.06	.0127
09/01/03	08/31/04	.06	.0139
09/01/04	Current	.06	.0137 ²

1. These rates also apply to the State School for the Deaf and the State School for the Blind.
2. Current employer contribution rates include an administrative expense rate of .0019.

TRS Plan 2—State Agencies & Higher Education Contribution Rates ¹			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE ²
10/01/77 ³	06/30/79	.0566	—
07/01/79	06/30/81	.0640	—
07/01/81	06/30/83	.0621	—
07/01/83	06/30/85	.0635	—
07/01/85	08/31/85	.0645	—
09/01/85	08/31/86	.0645	.1229
09/01/86	08/31/87	.0645	.1233
09/01/87	08/31/88	.0699	.1149
09/01/88	08/31/89	.0699	.1155
09/01/89	08/31/90	.0670	.1202
09/01/90	08/31/91	.0670	.1328
09/01/91	12/31/91	.0670	.1296
01/01/92	08/31/92	.0626	.1296
09/01/92	06/30/93	.0626	.1246
07/01/93	08/31/93	.0626	.1241
09/01/93	08/31/95	.0646	.1300
09/01/95	08/31/97	.0659	.1242
09/01/97	06/30/99	.0603	.1193
07/01/99	08/31/99	.0603	.1194
09/01/99	04/30/00	.0294	.0868
05/01/00	08/31/00	.0185	.0626
09/01/00	08/31/01	.0301	.0733
09/01/01	03/31/02	.0123	.0298
04/01/02	04/30/02	.0015	.0128
05/01/02	08/31/03	.0015	.0127
09/01/03	08/31/04	.0087	.0139
09/01/04	Current	.0087	.0137 ⁴

1. These rates also apply to State School for the Deaf and the State School for the Blind.
2. Employer contribution rate for TRS Plan 3 is the same.
3. To report Plan 2 members for periods prior to October 1, 1977, use the member contribution rate of .0566. To determine the employer contribution rate, use the Plan 1 employer rate that was in effect for the earning period being reported.
4. Current employer contribution rate includes an administrative expense rate of .0019.

TRS Plan 1—State Government Elected Officials Contribution Rates¹			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE
07/01/47	06/30/74	.0500	—
07/01/74	09/30/77	.0600	—
10/01/77	06/30/79	.0750	.0980
07/01/79	06/30/83	.0750	.1200
07/01/83	08/31/85	.0750	.1290
09/01/85	08/31/86	.0750	.1229
09/01/86	08/31/87	.0750	.1233
09/01/87	08/31/88	.0750	.1149
09/01/88	08/31/89	.0750	.1155
09/01/89	08/31/90	.0750	.1202
09/01/90	08/31/91	.0750	.1328
09/01/91	08/31/92	.0750	.1296
09/01/92	06/30/93	.0750	.1246
07/01/93	08/31/93	.0750	.1241
09/01/93	08/31/95	.0750	.1300
09/01/95	08/31/97	.0750	.1242
09/01/97	06/30/99	.0750	.1193
07/01/99	08/31/99	.0750	.1194
09/01/99	04/30/00	.0750	.0868
05/01/00	08/31/00	.0750	.0626
09/01/00	08/31/01	.0750	.0733
09/01/01	03/31/02	.0750	.0298
04/01/02	04/30/02	.0750	.0128
05/01/02	08/31/03	.0750	.0127
09/01/03	08/31/04	.0750	.0139
09/01/04	Current	.0750	.0137 ²

1. Teachers' elected officials include the Superintendent of Public Instruction and teachers elected to the Washington State Senate or House of Representatives.

2. Current employer contribution rates include an administrative expense rate of .0019.

TRS Plan 2—State Government Elected Officials Contribution Rates¹			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE²
10/01/77 ³	06/30/79	.0566	.1146
07/01/79	06/30/81	.0640	.1294
07/01/81	06/30/83	.0621	.1200
07/01/83	06/30/85	.0635	.1290
07/01/85	08/31/85	.0645	.1290
09/01/85	08/31/86	.0645	.1229
09/01/86	08/31/87	.0645	.1233
09/01/87	08/31/88	.0699	.1149
09/01/88	08/31/89	.0699	.1155
09/01/89	08/31/90	.0670	.1202
09/01/90	08/31/91	.0670	.1328
09/01/91	12/31/91	.0670	.1296
01/01/92	08/31/92	.0626	.1296
09/01/92	06/30/93	.0626	.1246
07/01/93	08/31/93	.0626	.1241
09/01/93	08/31/95	.0646	.1300
09/01/95	08/31/97	.0659	.1242
09/01/97	06/30/99	.0603	.1193
07/01/99	08/31/99	.0603	.1194
09/01/99	04/30/00	.0294	.0868
05/01/00	08/31/00	.0185	.0626
09/01/00	08/31/01	.0301	.0733
09/01/01	03/31/02	.0123	.0298
04/01/02	04/30/02	.0015	.0128
05/01/02	08/31/03	.0015	.0127
09/01/03	08/31/04	.0087	.0139
09/01/04	Current	.0087	.0137 ⁴

1. Teachers' elected officials include the Superintendent of Public Instruction and teachers elected to the Washington State Senate or House of Representatives.
2. Employer contribution rate for TRS Plan 3 is the same.
3. To report Plan 2 members for periods prior to October 1, 1977, use the member contribution rate of .0566. To determine the employer contribution rate, use the Plan 1 employer rate that was in effect for the earning period being reported.
4. Current employer contribution rate includes an administrative expense rate of .0019.

TRS Plan 3 Member Contribution Rate Options	
Option	Contribution Rate
A	5 percent of pay at all ages
B	5 percent of pay until age 35 6 percent of pay from age 35 until 44 7.5 percent age 45 and above
C	6 percent of pay until age 35 7.5 percent of pay from age 35 until 44 8.5 percent age 45 and above
D	7 percent of pay at all ages
E	10 percent of pay at all ages
F	15 percent of pay at all ages

TRS Plan 3 Employer Contribution Rate
The employer contribution rate for TRS Plan 3 is the same as the TRS Plan 2 rate.

LEOFF Plan 1 Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE
03/01/70	12/31/71	.06	.0600
01/01/72	06/30/73	.06	.06125
07/01/73	06/30/76	.06	.0630
07/01/76	06/30/79	.06	.0610
07/01/79	06/30/81	.06	.0609
07/01/81	08/31/88	.06	.0616
09/01/88	02/28/94	.06	.0622
03/01/94	08/31/95	.06	.0617
09/01/95	08/31/97	.06	.0620
09/01/97	06/30/99	.06	.0618
07/01/99	04/30/00	.06	.0621
05/01/00	06/30/00	.06	.0625
07/01/00	04/30/02	.00	.0023
05/01/02	08/31/04	.00	.0022
09/01/04	Current	.00	.0019 ¹

1. Current employer contribution rate is zero; the administrative expense rate is .0019.

LEOFF Plan 2 Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE
10/01/77 ¹	06/30/79	.0814	.0498
07/01/79	06/30/81	.0808	.0494
07/01/81	06/30/83	.0774	.0481
07/01/83	06/30/85	.0790	.0490
07/01/85	06/30/87	.0783	.0486
07/01/87	08/31/88	.0809	.0501
09/01/88	06/30/89	.0809	.0507
07/01/89	12/31/91	.0760	.0478
01/01/92	08/31/93	.0701	.0443
09/01/93	02/28/94	.0841	.0527
03/01/94	08/31/95	.0841	.0522
09/01/95	08/31/96	.0841	.0525
09/01/96	08/31/97	.0843	.0526
09/01/97	06/30/99	.0848	.0527
07/01/99	04/30/00	.0587	.0373
05/01/00	06/30/00	.0541	.0350
07/01/00	08/31/00	.0541	.0348
09/01/00	06/30/01	.0678	.0430
07/01/01	03/31/02	.0450	.0293
04/01/02	04/30/02	.0439	.0287
05/01/02	06/30/03	.0439	.0286
07/01/03	01/31/04	.0505	.0325
02/01/04	08/31/04	.0507	.0326
09/01/04	Current	.0509	.0325 ²

1. To report Plan 2 members for periods prior to October 1, 1977, use the member contribution rate of .0814. To determine the employer contribution rate, use the Plan 1 employer rate that was in effect for the earning period being reported.
2. Current employer contribution rate includes an administrative expense rate of .0019.

LEOFF Plan 2—Ports and Universities Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE
03/01/70	12/31/71	.0814	.0814
01/01/72	06/30/73	.0814	.08265
07/01/73	06/30/76	.0814	.0844
07/01/76	06/30/79	.0814	.0824
07/01/79	06/30/81	.0808	.0817
07/01/81	06/30/83	.0774	.0790
07/01/83	06/31/85	.0790	.0806
07/01/85	06/30/87	.0783	.0799
07/01/87	08/31/88	.0809	.0825
09/01/88	06/30/89	.0809	.0831
07/01/89	12/31/91	.0760	.0782
01/01/92	08/31/93	.0701	.0723
09/01/93	02/28/94	.0841	.0863
03/01/94	08/31/95	.0841	.0858
09/01/95	08/31/96	.0841	.0861
09/01/96	08/31/97	.0843	.0863
09/01/97	06/30/99	.0848	.0866
07/01/99	04/30/00	.0587	.0608
05/01/00	06/30/00	.0541	.0566
07/01/00	08/31/00	.0541	.0564
09/01/00	06/30/01	.0678	.0701
07/01/01	03/31/02	.045	.0473
04/01/02	04/30/02	.0439	.0462
05/01/02	06/30/03	.0439	.0461
07/01/03	01/31/04	.0505	.0527
02/01/04	08/31/04	.0507	.0529
09/01/04	Current	.0509	.0528 ¹

1. Current employer contribution rate includes an administrative expense rate of .0019.

Washington State Patrol Plan 1 and Plan 2 Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE
08/01/47	06/30/63	.06	.2407
07/01/63	06/30/77	.07	.1505
07/01/77	06/30/79	.07	.2010
07/01/79	06/30/81	.07	.2324
07/01/81	06/30/83	.07	.2412
07/01/83	06/30/85	.07	.2312
07/01/85	06/30/87	.07	.2257
07/01/87	08/31/90	.07	.1988
09/01/90	08/31/91	.07	.2147
09/01/91	08/31/92	.07	.1553
09/01/92	08/31/93	.07	.1716
09/01/93	08/31/95	.07	.1602
09/01/95	08/31/96	.07	.1456
09/01/96	08/31/97	.07	.1465
09/01/97	06/30/99	.07	.1105
07/01/99	06/30/00	.07	.0000
07/01/00	06/30/01	.03	.0000
07/01/01	Current	.02	.0000

Judicial Retirement System Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE
08/01/71	Current	.075	.075

Judges' Retirement Fund Contribution Rates			
FROM THIS DATE	THROUGH THIS DATE	MEMBER RATE	EMPLOYER RATE
03/01/37	07/31/71	.065	.060
08/01/71	Current	.065	.065

Chapter 7: Transmittal Codes

Chapter Overview

This chapter provides information about the codes used in the monthly transmittal reporting to DRS. Refer to this chapter for details about:

- Status codes
- Type codes

Refer to Chapter 8 for instructions on transmittal reporting. Refer to Chapter 9 for information about the transmittal edit reports that summarize processing of your monthly transmittal report.

Transmittal Codes

Employers must use a status code and a type code on transactions reported to DRS on transmittals. Status codes determine the service credit and retirement benefit to which a member is entitled; type codes identify the type of employer an employee works for or the type of job an employee performs.

DRS's ability to provide service to retirement members depends upon receiving accurate information from employers. Employers use of correct status and type codes help ensure that:

- member contributions and interest are calculated and posted accurately;
- member retirement benefits are calculated correctly; and
- member requests to withdraw contributions are processed in a timely manner.

If you have any questions about status codes or type codes, please call ESS for assistance.

Status Codes

Using Status Codes

Information you report with status codes is used to determine the service credit and retirement benefit to which a member is entitled. DRS depends on your accurate use of these codes.

In your reporting, use only one status code per transmittal line. If more than one status code is needed to report information for an individual employee, use a separate line for each code.

Please read the following pages carefully to verify that you are using a given code correctly. The chart at the end of this section summarizes the meaning and use of each code.

Codes for Current Reporting

A For Reporting a Member's Regular Service or a Retiree Returning to Work

Use this code to report that a member or a retiree earned compensation (or basic salary for LEOFF) for hours or days of regular service. The compensation that is reportable to DRS varies by system and plan.

If a member or retiree uses any of the following leave types and the compensation is reportable for the system and plan you are reporting, treat the leave as regular paid service and report it with status code A. The leave does not have to be identified separately on the transmittal.

- Annual leave
- Sick leave
- Holiday leave
- Compensatory time (used in place of a scheduled work day)

Overtime

If overtime is reportable compensation for the system and plan you are reporting, report it with status code A.

Compensatory Time

Status code A is used to report cash payments of unused, accumulated compensatory time (except for LEOFF Plan 1 members). Use a separate entry on the transmittal to identify each earning period in which the leave was accrued. For each earning period you have identified, use status code A and report the total amount of compensation, contributions and service.

New Employee

If you report using the single record format and are reporting a new employee who has not been previously reported on your transmittal, be sure to report the employee's begin date, gender code, and birth date.

If you report using the multirecord format and are reporting a new employee who has not been previously reported on your transmittal, be sure to report the employee's begin date, gender code, birth date, address, and if applicable, rate option and investment program.

Washington State Department of Retirement Systems

Member Earnings Transmittal Report

Rpt Grp (Dept)	System	Plan	Reporting Period	Employer Name	Prepared by	Phone	Page
1234	P	2	07/1999	Example, City of	Dawn Riley	(360) 123-4567	1

Member Information				Earnings Information												
SSN: 234-56-7890	Name: Moe, Joe	Earning Period	Status	Compensation	Member Contributions	Employer Contributions	Hour/ Days	Begin Date	End Date	Seq No.						
Gender: M	Birth: 07/28/55	Type: 03	07	99	A	3011	00	140	01	225	83	176	0	07	15	99

B For Reporting a Member or a Retiree Returning to Work on Unpaid Leave

Use this code to report that a member or a retiree returning to work earned no compensation and had no hours or days of employment during an **entire calendar month** or earning period. **(See the exception for LEOFF members.)**

For example, status code B is used to report an employee of a state agency on leave without pay for an entire calendar month. Status code B is used to report a school district employee with an annual contract during the months—such as July or August—when the employee did not work.

Washington State Department of Retirement Systems

Member Earnings Transmittal Report

Rpt Grp (Dept)	System	Plan	Reporting Period	Employer Name	Prepared by	Phone	Page
111222	T	2	07/1999	Example, School District	Dawn Riley	(360) 123-4567	1

Member Information				Earnings Information												
				Earning Period	Status	Compensation	Member Contributions		Employer Contributions		Hour/Days		Begin Date	End Date	Seq No.	
SSN: 234 56 7890		Name: Moe, Joe		07	99	A	2000	00	120	60	238	60	80	0		
Gender: M	Birth: 07 28 55		Type: 71			B	0	00	0	00	0	00	0	0		

Do *not* use status code B for an earning period after an employee has terminated employment or is no longer eligible for membership. The employee should be separated from the transmittal using status code S. (See the explanation of status code S for details.)

Status Codes B and E for LEOFF Members:

Use status code B to report a LEOFF Plan 1 or Plan 2 member on leave without pay **for more than three days** within an earning period. If the employee is on leave for part of an earning period, use two lines on the transmittal for your reporting. On the first line, use status code A to report the member's basic salary, contributions and hours of service for that portion of the month the employee worked. On the second line, use status code B. Enter a date in the begin date or end date field to indicate when the leave started or ended, and report no salary, contributions, or hours of service. (Leave without pay of three days or less does not need to be identified on the transmittal.)

Note: If you report using the multiple record layout, you do not report status codes B or E. Report disability leave using the begin and end date fields on the Employment Information Record.

Washington State Department of Retirement Systems

Member Earnings Transmittal Report

Rpt Grp (Dept)	System	Plan	Reporting Period	Employer Name	Prepared by	Phone	Page
B123	L	2	07/1999	Example, City of	Dawn Riley	(360) 123-4567	1

Member Information				Earnings Information												
				Earning Period	Status	Compensation	Member Contributions		Employer Contributions		Hour/Days		Begin Date	End Date	Seq No.	
SSN: 234 56 7890		Name: Moe, Joe		07	99	A	3044	00	255	33	458	67	176	0		
Gender: M	Birth: 07/28/55		Type: 42				1523	00	129	15	80	26	72	0		
SSN: 234 56 7890		Name: Moe, Joe		07	99	B	0	00	0	00	0	00	0	0	07	07
Gender: M	Birth: 07/28/55		Type: 42												18	99

E For Reporting a LEOFF 1 Member on Disability Leave

Use this code to report a LEOFF Plan 1 member on disability leave (authorized by the Disability Board) **for more than three days** within an earning period. When using this code, do *not* report basic salary, contributions, disability payments or hours of service.

If the employee is on leave for part of an earning period, use two lines on the transmittal for your reporting. On the first line, use status code A and report the member's basic salary, contributions, and hours of service for that portion of the month the employee worked. On the second line, use code E, enter a date in the Begin Date or End Date field to indicate when the leave started or ended, and report no salary, contributions, or hours of service. **(Disability leave of three days or less does not need to be identified on the transmittal report.)**

Washington State Department of Retirement Systems

Member Earnings Transmittal Report

Rpt Grp (Dept)	System	Plan	Reporting Period	Employer Name	Prepared by	Phone	Page
B123	L	1	09/1999	Example, City of	Dawn Riley	(360) 123-4567	1

Member Information				Earnings Information														
				Earning Period		Status	Compensation		Member Contributions		Employer Contributions		Hour/ Days		Begin Date		End Date	
SSN:	234 56 7890	Name:	Moe, Joe	08	99	A	3044	00	480	26	486	07	176	0				
Gender:	M	Birth:	07/28/55	Type:	03		08	99	A	1523	00	91	38	94	12	72	0	
SSN:	234 56 7890	Name:	Moe, Joe			E	0	00	0	00	0	00	0	0	10	99		
Gender:	M	Birth:	07/28/55	Type:	03													

F For Reporting a TRS Member on Paid Sabbatical Leave

Use this code to report a TRS member on sabbatical leave. The employee may have been paid all, a portion of, or no regular salary during the period reported with status code F. When using this code, report compensation and contributions only; do not report service.

If the sabbatical leave has been paid as a lump sum, use status code F and report as follows:

- In the month in which the lump sum payment was made, use status code F and report the total compensation and contributions—but no service.

Washington State Department of Retirement Systems

Member Earnings Transmittal Report

Rpt Grp (Dept)	System	Plan	Reporting Period	Employer Name	Prepared by	Phone	Page
111222	T	1	09/1999	Example, School District	Dawn Riley	(360) 123-4567	1

Member Information				Earnings Information									
SSN	Name	Birth	Type	Earning Period	Status	Compensation	Member Contributions	Employer Contributions	Hour/ Days	Begin Date	End Date	Seq No.	
234 56 7890	Moe, Joe	7/28/55	71	09	99	F	15360 00	921 60	1832 45	0 0			
Gender: M													

- In all other months of the leave, use status code F and report zero compensation, contributions, and service.

Washington State Department of Retirement System

Member Earnings Transmittal Report

Rpt Grp (Dept)	System	Plan	Reporting Period	Employer Name	Prepared by	Phone	Page
111222	T	1	10/1999	Example, School District	Dawn Riley	(360) 123-4567	1

Member Information				Earnings Information									
SSN	Name	Birth	Type	Earning Period	Status	Compensation	Member Contributions	Employer Contributions	Hour/ Days	Begin Date	End Date	Seq No.	
234 56 7890	Moe, Joe	07/28/55	71	10	99	F	0 00	0 00	0 00	0 0			
Gender: M													

G For Reporting a TRS 1 Member Working Part time

Use this code to report a TRS Plan 1 member working part time. The part time employee must have an ongoing contract and work regularly scheduled days that are less than those of a full time employee. (See the section called "TRS Membership" in Chapter 2 for details about part time and full time employment.)

If you report using the single record format and are reporting a new employee who has not been reported on your transmittal previously, be sure to report the employee's begin date, gender code and birth date.

If you report using the multirecord format and are reporting a new employee who has not been reported on your transmittal previously, be sure to report the employee's begin date, gender code, birth date, address, and if applicable, rate option and investment manager.

Washington State Department of Retirement System

Member Earnings Transmittal Report

Rpt Grp (Dept)	System	Plan	Reporting Period	Employer Name	Prepared by	Phone	Page
111222	T	1	09/1999	Example, School District	Dawn Riley	(360) 123-4567	1

Member Information				Earnings Information											
SSN:	234 56 7890	Name:	Moe, Joe	Earning Period	Status	Compensation	Member Contributions	Employer Contributions	Hour/ Days	Begin Date	End Date	Seq No			
Gender:	M	Birth:	07/28/55	Type: 71											

M For Reporting a Member's Lump Sum Payments

Although lump sum payments can be reported with status code M, it is preferable to use status code A for your reporting. To report a lump sum payment with status code A, use a separate line on the transmittal to identify each earning period to which the payment is to be applied. For each earning period, report the amount of compensation and contributions that apply.

The following are examples of the types of lump sum payments that are reported with status code M.

- Lump sum settlements resulting from employment agreements
- Court-ordered back-pay settlements
- Holiday and longevity pay
- Lump sum bonus payments (if reportable compensation)

Status code M is also used to report lump sum reductions in compensation. (The compensation must be reversed by each contribution rate period that applies.) Be aware of the following points when reporting lump sum payments with status code M:

- The lump sum payment must be reportable compensation.
- No service should be reported with status code M; service must have been reported previously.
- If the earning period for the lump sum payment falls into more than one contribution rate period, use separate lines on the transmittal to report the earnings applicable to each rate period. (See the example below.)
- If the earning period for the lump sum payment falls into the period of time used to calculate the member's retirement benefit (the AFC period), a month-by-month breakdown of the lump sum payment will be required at the time of the member's retirement.

Washington State Department of Retirement Systems

Member Earnings Transmittal Report

Rpt Grp (Dept)	System	Plan	Reporting Period	Employer Name	Prepared by	Phone	Page
1234	P	2	09/1999	Example, City of	Dawn Riley	(360) 123-4567	1

Member Information				Earnings Information													
SSN:	234 56 7890	Name:	Moe, Joe	Earning Period	Status	Compensation	Member Contributions	Employer Contributions	Hour/ Days	Begin Date	End Date	Seq No.					
Gender:	M	Birth:	07/28/55	08	99	M	1954	00	99	26	148	89	0	0			
SSN:	234 56 7890	Name:	Moe, Joe	09	99	M	50	00	90	3	75	0	0				
Gender:	M	Birth:	07/28/55														

S For Reporting a Member or a Retiree Returning to Work Separated from Service

If you report using the single record format, use the S code to report that an employee has been separated from employment and/or a member who is no longer eligible for retirement system membership.

When reporting with status code S:

- Enter the employee's last date of service in the End Date field. (Make sure the month and year of the end date you enter matches the month and year of the earning period you enter on the same transmittal line.)
- Report only regular compensation and service with status code S. (If you have cash out payments to report for PERS Plan 1, TRS Plan 1 or WSPRS, use separate lines on the transmittal to report these cash outs. See the following section called "Using Cash out Codes" for details.)
- Report with status code S on the *final* transmittal that will show compensation for the employee. For example, a school district employee may stop working in June but continues to be paid through August. Because the employee continues to receive compensation until August, you will need to wait to separate the employee with status code S on the August transmittal.

Washington State Department of Retirement Systems

Member Earnings Transmittal Report

Rpt Grp (Dept)	System	Plan	Reporting Period	Employer Name	Prepared by	Phone	Page
1234	P	2	08/1999	Example, City of	Dawn Riley	(360) 123-4567	1

Member Information				Earnings Information														
SSN:	234 56 7890	Name:	Moe, Joe	Earning Period	Status	Compensation	Member Contributions	Employer Contributions	Hour/ Days	Begin Date	End Date	Seq No.						
Gender:	M	Birth:	07/28/55	08	99	S	1532	00	71	33	114	90	148	0		08	31	99

Note: If you report using the multirecord format, do not report the status code S. Report the date the employee separated from employment or is no longer eligible for retirement system membership using eligibility end date on the Employment Information Record.

Using Cash Out Codes

The status codes used to report lump sum leave cash outs are referred to as “cash out codes.”

Before Using a Cash out Code

Before you use a cash out code for reporting a lump sum leave payment, be aware of the following points:

- Cash outs of vacation, sick leave, personal holiday, personal days or any accrued leave are **not** reportable for PERS Plan 2 and Plan 3, TRS Plan 2 or Plan 3, or LEOFF Plan 1 or Plan 2 members.
- Cash out codes may be used for reporting PERS Plan 1, TRS Plan 1, WSPRS Plan 1 members commissioned prior to July 1, 2002, and retirees returning to work **only**.
- You should not report cash outs of compensatory time with a cash out code; instead, use status code A. (See the explanation of compensatory time under status code A.)

Using a Cash Out Code

If you use a cash out code to report a lump sum leave payment, be sure to:

- Use one line for your reporting.
- Assign the total lump sum payment to a single earning period.

Note: You can report a cash out payment for an employee who is separated from the transmittal. Enter the month and year in the Earning Period field the date the employee was last reported. If you want to use the June 1999 transmittal to report a cash out for an employee who was separated in March 1999, enter 03/99 as the earning period when you report the employee.

Report the lump sum payment in the compensation field, report the contributions due on that payment in the contributions field, and report the service in the hours/days field. (If you report by prelist, use the applicable columns for your reporting.)

Keep a record of the payment and the months in which the leave cash out was earned. DRS may request this record if the cash out falls within the period of time used to determine a member's retirement benefit (the AFC period). Your documentation will help identify the calendar months in which the leave was earned.

The example below shows how a lump sum cash out of vacation leave could be reported using status code T.

Washington State Department of Retirement Systems

Member Earnings Transmittal Report

Rpt Grp (Dept)	System	Plan	Reporting Period	Employer Name	Prepared by	Phone	Page
1234	P	1	07/1999	Example, City of	Dawn Riley	(360) 123-4567	1

Member Information				Earnings Information												
				Earning Period	Status	Compensation		Member Contributions		Employer Contributions		Hour/ Days	Begin Date	End Date	Seq No.	
SSN:	234 56 7890	Name:	Moe, Joe	07	99	T	2680	00	160	80	201	00	90	0		
Gender:	M	Birth:	07/28/55	Type:	03											

Codes for Reporting Cash Outs

N Reporting Vacation Leave Cash Outs (Non-Retiree or Retiree Returning to Work)

Use this code to report vacation leave cash outs. This code is valid for nonretiring PERS Plan 1, TRS Plan 1 and WSPRS Plan 1 members commissioned prior to July 1, 2002, or retirees returning to work. Report compensation, contributions (not for retirees) and the amount of hours or days used to determine the cash out amount.

P For Reporting Sick Leave Cash Outs (Non-Retiree or Retiree Returning to Work)

Use this code to report sick leave cash outs. This code is valid for nonretiring PERS Plan 1 members or retirees returning to work, provided the member can have the cash out payment included in the computation of the retirement benefit. Report compensation, contributions (not for retirees), and the amount of hours used to determine the cash out amount.

Note: If you are a state agency or an education employer, do not report sick leave cash outs for your employees. Sick leave cash outs are not included in the employee's retirement benefit calculation.

R For Reporting Other Cash Out Payments (Non-Retiree or Retiree Returning to Work)

Use this code to report cash out payments *other than* regular compensation, overtime, sabbatical leave, vacation leave, compensatory leave, or sick leave. Examples of *other cash out payments* are severance pay accrued over time or personal days. This code is valid for nonretiring PERS Plan 1 and TRS Plan 1 members or retirees returning to work. The cash out payment must be considered reportable compensation. Report compensation, contributions (not for retirees) and the amount of hours or days used to determine the cash out amount.

T For Reporting Vacation Leave Cash Outs (Retiree)

Use this code to report vacation leave cash outs earned during the employee's last 24 months of employment. PERS and WSPRS may cash out up to 240 hours; TRS up to thirty days. This code is valid for retiring PERS Plan 1, TRS Plan 1 and WSPRS Plan 1 members commissioned prior to July 1, 2002. Report compensation, contributions and the amount of hours or days used to determine the cash out amount.

Note: See status code U if an employee has a vacation leave cash out in excess of 240 hours to report.

U For Reporting Excess Vacation Leave Cash Outs (Retiree)

Use this code to report the portion of a cash out of vacation leave earned during the last 24 months of employment that is *over and above* 240 hours or 30 days. This code is valid for retiring PERS Plan 1, TRS Plan 1 and WSPRS Plan 1 members commissioned prior to July 1, 2002. Report compensation, contributions, and the amount of hours or days used to determine the cash out amount. Compensation reported with this code will result in an excess compensation billing.

Note: Vacation leave cash outs in excess of 240 hours or 30 days should not be reported for employees of state agencies or higher education institutions unless the employee has a letter of necessity authorizing this reporting. Contact the PERS, TRS or WSPRS retirement system for assistance with determining whether an employee should be reported with this code. If instructed to use status code U, report only that portion of the vacation leave cash out that is over and above 240 hours (PERS, WSPRS) or 30 days (TRS).

V For Reporting Vacation Leave Cash Outs (Retiree)

Use this code to report vacation leave cash outs earned *prior to* the employee's last 24 months of employment. This code is valid for retiring PERS Plan 1 and TRS Plan 1 members. Report compensation, contributions and the amount of hours or days used to determine the cash out amount.

W For Reporting Sick Leave Cash Outs (Retiree)

Use this code to report sick leave cash outs earned during the last 24 months of employment. This code is valid for retiring PERS Plan 1 members, provided the member can have the cash out payment included in the computation of the retirement benefit. Report compensation, contributions, and the amount of hours used to determine the cash out amount. Compensation reported with this code will result in an excess compensation billing.

Note: If you are a state agency or an education employer, do not report sick leave cash outs for your employees. Sick leave cash outs are not included in the employee's retirement benefit calculation.

X For Reporting Sick Leave Cash Outs (Retiree)

Use this code to report sick leave cash outs earned *prior to* the last 24 months of employment. This code is valid for retiring PERS Plan 1 members. Report compensation, contributions, and the amount of hours used to determine the cash out amount.

Note: If you are a state agency or an education employer, do not report sick leave cash outs for your employees. Sick leave cash outs are not included in the employee's retirement benefit calculation.

Y For Reporting Other Cash Out Payments (Retiree)

Use this code to report cash out payments *other than* regular compensation, overtime, sabbatical leave, vacation leave, compensatory leave, or sick leave. Examples of *other cash out payments* are severance pay accrued over time and personal days. This code is valid for retiring PERS Plan 1 and TRS Plan 1 members. The cash out payment must be considered reportable compensation. Report compensation, contributions and the amount of hours or days used to determine the cash out amount.

Codes Used for Prior Periods

When reviewing your transmittal reporting for prior periods, you may find status codes that are no longer valid and are not used in current reporting. The following pages describe the codes that are no longer valid and provide an explanation of their use.

C For Reporting PERS School District Members

Valid only for earning periods from September 1983 through August 1990.

This code was used to report a PERS Plan 1 or Plan 2 member working for a school district. Reporting with status code C entitled the member to service credit in a month when the member's hours of employment fell below 70 hours (Plan 1) or 90 hours (Plan 2) because of a scheduled school closure of five consecutive calendar days or more.

If you have questions about whether the provisions associated with this code would apply to a member, please contact PERS Retirement Services for assistance. For assistance in reporting status code C, contact ESS.

D For Reporting PERS Higher Education Members

Valid only for earning periods of August 1989 and earlier.

This code was used to report a break in service for a PERS Plan 1 or Plan 2 member working for a community college or a four-year college or university. Reporting with status code D entitled the member to service credit in a month when he or she did not work. Legislation was passed in 1989 which made retroactive changes to PERS service credit rules and eliminated the need for this code.

H For Reporting TRS Substitute Teachers

Valid only for earning periods of August 1990 and earlier.

This code was used to report a TRS Plan 1 or Plan 2 member working as a substitute teacher for an education employer. The member was reported with this code in months when the member's only employment was as a substitute teacher. Legislation was passed in 1990 that exempted substitute teachers from TRS membership, but provided them the option of purchasing service credit for periods of employment as a substitute.

If you determine a need to use this code to report for a prior period, contact ESS for assistance.

J For Reporting Member Name Changes

Invalid code after December 1992 reporting period.

This code was used to report an employee whose name had changed. Using this code did not change the name on record at DRS but did suppress the input warning message generated when a different name was reported. This code can no longer be used in transmittal reporting for any earning period.

K For Reporting Taxed Member Contributions

Invalid code after December 1992 reporting period.

This code was used to report a member's taxed contributions for a prior earning period when compensation and service had previously been reported. This code was valid for PERS Plan 1, PERS Plan 2, LEOFF Plan 1, LEOFF Plan 2, WSPRS and JRS members. This code can no longer be used in transmittal reporting for any earning period.

L For Reporting Members Who Did Not Earn Service Credit

Valid only for earning periods from January 1987 through August 1991.

This code was used to report a member employed in an eligible position whose hours of employment fell below 70 hours (Plan 1) or 90 hours (Plan 2) for a month. This code was valid for PERS Plan 1, PERS Plan 2, LEOFF Plan 2, and TRS Plan 2 members. Compensation and service were reported with status code L, but zero contributions were reported. Status code L was not used by educational employers if the member was eligible to receive a full year of service credit.

If you determine a need to use this code to report for a prior period, contact ESS for assistance.

Q For Reporting Certain PERS 2 Elected Officials

Valid only for earning periods of December 1992 and earlier.

This code was used to report compensation and contributions for certain PERS Plan 2 elected officials. Compensation and contributions were reported but not service. To be reported with status code Q, the elected official needed to:

- earn a monthly salary more than 90 times the state minimum wage at the time;
- provide a signed statement indicating he or she worked 90 hours or more during the month; and

- be reported with type code 10 through 16. (See the section called “Type Codes” in this chapter for definitions of type codes 10 through 16.)

If you determine a need to use this code to report for a prior period, contact ESS for assistance.

Status Codes–Summary Chart

CODE	DESCRIPTION	PERS		SERS	TRS		LEOFF		JRS	WSPRS	
		1	2 or 3	2 or 3	1	2 or 3	1	2		1	2
A	For reporting a member earning compensation for regular service.	✓	✓	✓	✓	✓	✓		✓	✓	✓
B	For reporting a PERS, SERS, TRS, WSPRS or JRS member on leave for entire calendar month, or a LEOFF member on leave without pay of more than three days.	✓	✓	✓	✓	✓	✓		✓	✓	✓
C	<i>Valid only for earning periods from September 1983 through August 1990.</i> For reporting a classified school district employee eligible for service credit in month when hours fell below 70 or 90 due to a scheduled school closure.	✓		✓							
D	<i>Valid only for earning periods of August 1989 and earlier.</i> For reporting a PERS higher education member eligible for service credit in month with a break in service.	✓	✓								
E	For reporting a LEOFF Plan 1 member on authorized disability leave of more than three days.						✓				
F	For reporting a TRS member on sabbatical leave.				✓	✓					
G	For reporting a TRS Plan 1 member working part time.				✓						
H	<i>Valid only for earning periods of August 1990 and earlier.</i> For reporting a TRS member working as a substitute teacher.				✓						
J	<i>Invalid code after December 1992 reporting period.</i> For reporting a member whose name had changed.	✓	✓		✓	✓	✓		✓	✓	
K	<i>Invalid code after December 1992 reporting period.</i> For reporting a member's taxed contributions for a prior earning period when compensation and service had already been reported.	✓	✓				✓		✓	✓	

CODE	DESCRIPTION	PERS		SERS	TRS		LEOFF		JRS	WSPRS	
		1	2 or 3	2 or 3	1	2 or 3	1	2		1	2
L	<i>Valid only for earning periods from January 1987 through August 1991.</i> For reporting a member in an eligible position who did not earn service credit and had zero contributions due.	✓	✓	✓		✓			✓		
M	<i>It is preferable to report the lump sum payment in each earning period to which it applies with status code A.</i> For reporting a member's lump sum payments; e.g., settlements from employment agreements, court-ordered back settlements, annual holiday or longevity payments, or bonus payments.	✓	✓	✓	✓	✓	✓		✓	✓	✓
N	For reporting a nonretiring member with lump sum cash out of vacation leave.	✓			✓					✓	
P	For reporting a nonretiring member with lump sum cash out of sick leave. Is <i>not</i> used by state agencies or education employers.	✓									
Q	<i>Valid only for earning periods of December 1992 and earlier.</i> For reporting a PERS Plan 2 elected official who had compensation and contributions but no hours to report.		✓								
R	For reporting a nonretiring member with lump sum cash out other than for regular compensation, overtime, vacation leave, or sick leave.	✓			✓						
S	For reporting a member who has separated eligible employment.	✓	✓	✓	✓	✓	✓		✓	✓	✓
T	For reporting a retiring member with lump sum cash out of up to 240 hours (PERS/WSPRS) or 30 days (TRS) of vacation leave earned during the last 24 months of employment.	✓			✓					✓	

CODE	DESCRIPTION	PERS		SERS	TRS		LEOFF		JRS	WSPRS	
		1	2 or 3	2 or 3	1	2 or 3	1	2		1	2
U	For reporting a retiring member with lump sum cash out over and above 240 hours (PERS /WSPRS) or 30 days (TRS) of vacation leave earned during the last 24 months of employment. Is <i>not</i> used by state agencies or higher education employers unless employee has letter of necessity.	✓			✓					✓	
V	For reporting a retiring member with lump sum cash out of vacation leave earned prior to the last 24 months of employment.	✓			✓						
W	For reporting a retiring member with lump sum cash out of sick leave earned during the last 24 months of employment. Is <i>not</i> used by state agencies or education employers	✓									
X	For reporting a retiring member with lump sum cash out of sick leave earned prior to the last 24 months of employment. Is not used by state agencies or education employers.	✓									
Y	For reporting a retiring member with lump sum cash out other than regular compensation, overtime, sick leave, vacation leave, sabbatical leave, or compensatory leave.	✓			✓						

Type Codes

Type Code Definitions

The two-digit type code identifies the type of employer an employee works for or the type of job an employee performs. The following pages list the type codes that are valid for each system.

PERS Codes

- 01** Employee of state government
- 02** Employee of a county
- 03** Employee of a city
- 04** Employee of a port authority
- 05** Employee of a public utility district
- 06** Employee of the Washington Public Power Supply System
- 07** Employee of a fire, conservation, irrigation, mosquito, sewer, water, or weed district
- 08** Employee of a nonstate government entity not covered by codes 02—07
- 98** Retirees who work in eligible positions
- 99** Retirees who work in ineligible positions

Elected Officials

- 09** Elected state official
- 10** Elected county government official
- 11** Elected city government official
- 12** Elected official of a port authority
- 13** Elected official of a public utility district
- 14** Elected official of the Washington Public Power Supply System
- 15** Elected official of a fire, conservation, irrigation, mosquito, sewer, water, or weed district
- 16** Elected official of a nonstate government entity not covered by codes 10—15
- 98** Retirees who work in eligible positions
- 99** Retirees who work in ineligible positions

Education Employees

- 17 Employee of the State School for the Blind or the State School for the Deaf
- 18 Employee of a school district working in a noncertificated, nonteaching position
- 19 Employee of a community or technical college
- 20 Employee of a 4-year college or university
- 21 Employee of a school district working in a certificated teaching position (This code only applies to certain certificated staff. Contact PERS Membership Services for details.)
- 97 TRS Plan 1 retiree
- 98 Retirees who work in eligible positions
- 99 Retirees who work in ineligible positions

Governor-Appointed Officials:

- 24 State official appointed by the Governor (e.g., agency director)
- 25 Official appointed by the Governor to a state board, commission or committee
- 98 Retirees who work in eligible positions
- 99 Retirees who work in ineligible positions

SERS Codes

- 30 Employee of an educational service district
- 31 Elected official of an educational service district
- 32 Employee of a school district working in a noncertificated, non teaching position
- 33 Employee of a school district working in a certificated teaching position (This code only applies to certain certificated staff. Contact PERS Membership Services for details.)
- 34 Elected state official
- 97 TRS Plan 1 retiree
- 98 Retirees who work in eligible positions
- 99 Retirees who work in ineligible positions

LEOFF Codes

- 40 Firefighter employed by Washington State University
- 41 Law enforcement officer employed by a first class city
- 42 Law enforcement officer employed by other than a first class city
- 43 Law enforcement officer employed by a county
- 44 Firefighter employed by a first class city
- 45 Firefighter employed by other than a first class city
- 46 Firefighter employed by any other entity (port authority, fire protection district, etc.)
- 47 LEOFF member serving as an elected or appointed official at the state level
- 48 Law enforcement officers employed by universities
- 49 Law enforcement officers employed by port authorities

Note: LEOFF employers must report any retiree working in a PERS position using P/0 (system/plan) and should refer to the PERS heading for the appropriate type code. Call DRS if you hire any retiree into a LEOFF position.

WSPRS/JRS Codes

- 51 Commissioned officer of the Washington State Patrol
- 52 Judge elected or appointed to Superior Court, Court of Appeals or Supreme Court

Note: State Patrol/Judicial employers must report any retiree working in a PERS position using P/0 (system/plan) and should refer to the PERS heading for the appropriate type code. Call DRS if you hire any retiree into a State Patrol/Judicial position.

TRS Codes

- 71 Employee of a school district or state agency working in a position which requires certification
- 72 Employee of a community or technical college working in a position which requires certification
- 73 Employee of a 4-year college or university working in a position which requires certification
- 74 Employee of a school district working in a position which does not require certification
- 75 TRS member serving as elected or appointed official
- 78 TRS member employed by a non-educational state agency in a position that does not require certification.
- 97 TRS Plan 1 retiree
- 98 Retirees who work in eligible positions
- 99 Retirees who work in ineligible positions

Chapter 8: Transmittal Reporting

Chapter Overview

This chapter provides information about transmittal reporting to DRS. Retirement contributions and deferred compensation are both reported on the transmittal reports. Refer to this chapter for details about:

- Transmittal reporting requirements
- Making corrections to the transmittal report
- Automated reporting requirements
- Edits for automated reporting
- Manual (paper) reporting
- Sequencing of annual statements

See Chapter 6 for instructions on how to calculate and transmit employer and employee contributions. Refer to Chapter 9 for information about transmittal edit reports.

Changes to Current Reporting Requirements

The following changes to the multiple record layout (MRL) and reporting procedures have been made due to the optional nature of PERS Plan 3:

- The Plan 3 Transfer Record has been renamed *Plan Choice Record*.
- Within the Plan Choice Record, the Transfer Date field has been renamed to *Plan Choice Date* or *Transfer Date*.
- A new field, *Plan Choice* has been added to the end of the Plan Choice Record.

The list provides information for this two-character field:

2C—New PERS Plan 2 member chooses Plan 2
3C—New PERS Plan 2 member chooses Plan 3
3D—New PERS Plan 2 member is defaulted into Plan 3
3X—Plan 2 member transfers to Plan 3

Refer to pages 8—19 for reporting current Plan 2 members who want to transfer to Plan 3, page 8—20 for reporting new members of PERS Plan 2. New members must be reported in Plan 2 until they choose or default into Plan 3. The information above is required to support PERS Plan 3.

The information reported by employers, the method of reporting and the timing of when reports are sent to DRS are changed as follows:

- Employers who have bi-weekly and/or semi-monthly payroll cycles should send reports each pay day rather than monthly.
- Employers reporting by diskette or tape should start using the File Transfer Protocol (FTP) electronic reporting process between now and the Plan 3 implementation dates.
- Employers reporting with the paper report, with more than 30 members per system, should begin using spreadsheet software to create a retirement file, and report using the FTP electronic process.
- Employers should use the MRL for **every** system they report; i.e., PERS, LEOFF, etc.

DRS recommends employers implement the changes listed in the information above to support the daily environment of Plan 3 and for consistency of reporting.

Additional Changes

- Valid earning periods for PERS Plan 2 are from October 1977 forward. This is true for any PERS Plan 2 current member who transfers to Plan 3.
- Valid earning periods for PERS Plan 3 are from March 2002 forward, if the member works for a phase one employer.
- Valid earning periods for PERS Plan 3 are from September 2002 forward, if the member works for a phase two employer.
- The employer contribution rate for PERS Plan 3 will be the same as PERS Plan 2.
- PERS Plan 3 contribution rate options and investment programs will be the same as the Teachers' Retirement System (TRS) Plan 3, and the School Employees' Retirement System (SERS) Plan 3.

Reporting to DRS

DRS depends upon receiving *timely and accurate information* from employers to provide service to retirement members and participants of the DCP. Accurate transmittal reporting by employers helps ensure:

- Plan 3 member contributions and participant deferrals are posted in a timely manner;
- interest on member accounts is calculated and posted accurately;
- member requests to withdraw contributions or participant requests for distribution of deferrals are processed in a timely manner; and
- member retirement benefits are calculated correctly.

Retirement Systems

Each month, employers are required to report information to DRS about each employee who is a member of a Washington State retirement system. This process is referred to as the regular transmittal report. Transmittal reports are due to DRS by the 15th of the month following the month being reported; e.g., the December transmittal is due January 15. If a transmittal report is late, DRS will assess a late penalty fee [RCW 41.50.110(5)].

Note: DRS recommends to employers they send the Plan 3 member contributions and the transmittal report as close to the first day of the month as possible. This allows the Plan 3 members contributions to be invested as soon as possible.

Deferred Compensation Program

Participating employers are required to report their employees who choose to participate in the DCP. This report must be submitted to DRS before, on or soon after each payday. Reports that are received more than five days beyond an employer's payday will be considered late.

Note: DRS will process DCP reports the day they are received if the money and the report are received together and can be reconciled.

A Summary of the Reporting Process

Retirement Systems

Employers can report to DRS in one of two ways: **manually**, using a preprinted paper report titled “*Member Earnings Transmittal Report—MRL*”; **electronically**, using a variety of options provided for automated reporting. Contact ESS if you need help getting started or have questions about your monthly reporting.

Deferred Compensation Program

Currently, employees become participants by sending DRS a Participation Agreement (PA) form. Participants may change their deferral amounts by phone, the Internet or by completing a Deferral Change form and returning it to DCP.

DRS will inform employers via a paper or electronic report of:

- New participants; and
- Deferral amount changes for current participants.

Employers can report to DRS in one of two ways: **manually**, using a preprinted paper report titled “*DCP Transmittal Report*”; **electronically**, using a variety of options provided for automated reporting. Contact ESS if you need help getting started or have questions about your monthly reporting.

Starting Your Reporting

If you are a new employer or have resumed reporting, you must contact ESS to establish or reactivate your account. Once your account has been activated, you can begin sending your transmittal reports.

Submitting the Transmittal Report

The options available for submitting the member and participant information are described briefly below:

You can submit your transmittal report through the Internet using the Web-Based Employer Transmittal (WBET). (See page 8—44 or www.drs.wa.gov/employer.)

File Transfer Protocol

You can submit your transmittal report through the Internet using File Transfer Protocol (FTP). Refer to page 8—49.

File Transfer Protocol

You can submit your transmittal report through the Internet using File Transfer Protocol (FTP). Refer to page 8—49.

Computer Diskette

You can submit your transmittal report on a 3.5-inch computer diskette. To report in this way, use a personal computer, save an electronic file in a format DRS will accept, then mail the computer diskette to ESS. Refer to page 8—52.

Dataset to DIS

If you have access to the Department of Information Services' (DIS) mainframe computer, you can submit your transmittal report as a dataset. See page 8—56.

Manual (Paper) Reporting

You can use a preprinted paper report sent to you each month by DRS. To report in this way, make corrections, changes, or additions using pen (red preferred) or typewriter on the manual transmittal report and mail it back to ESS. Refer to page 8—84.

Stopping Your Reporting

Do *not* simply stop sending the transmittal report. DRS expects to receive at least one transmittal report from you each month. If you no longer have any members or participants to report, contact ESS for instructions on how to stop reporting.

When to Report Information

Deferred Compensation Program

The DCP transmittal report must reflect participants' deferral information as of each payday. Employers with more than one payday in a month must submit a DCP transmittal report for each payday. One exception to this rule applies to bi-weekly payroll cycles. (DRS expects only two reports—even for the two months that have three pay dates.)

Retirement Systems

The regular transmittal report must reflect the reportable compensation paid to retirement system members during the month being reported. *Compensation must be identified by the month and year in which it is earned. Report compensation as earned, not as paid.* (The earning period field allows employers to record when the compensation was earned.)

Employers with more than one payroll cycle in a month can submit a transmittal report once a month or with each payroll cycle. Employers need to contact ESS to arrange the transition from one report per month to multiple reports. The following pages provide examples of transmittal reporting of retirement contributions for the different payroll cycles. The examples below are intended to explain only when information should be reported and does not reflect the multiple record layout.

Monthly Payroll Cycles

Example #1:

Your payroll cycle is set so an employee is paid on January 31 for work performed from January 1—31. You pay compensation in the same month in which it is earned.

Figure 8-1 shows how you can report the employee using one line of the transmittal. Use a January earning period to report the compensation earned from January 1—31. Report this information on the January transmittal due to DRS by February 15.

Washington State Department of Retirement Systems										Member Earnings Transmittal Report-MRL									
Rpt Grp	Syst/Plan	Rpt Per/Type/Ver/Expt	Employer Name		Prepared by		Telephone		Page										
1234	P 1	01/2001 R 01/01	Example, City of		Dawn Riley		(360) 123-4567		1										
Member Information			Earnings Information																
			Earning Period	Status	Compensation	Member Contributions	Employer (DB) Contributions	Hour/ Days	Begin Date	End Date									
SSN: 123 45 6789 Name: Doe, Jane			01	01	A	4953	00	297	18	231	31	170	0						
Gender: F Birth: 12/12/40 Type: 03 Name Chg: Y or N																			
Address: Add Chg: Y or N																			
City State: Zip:																			
Investment Program Rate Option: Tax Status:																			
Choice/Transfer Date: Plan Choice:																			

Figure 8-1

Example #2:

Your payroll cycle is set so that an employee is paid on February 28 for work performed from January 16—February 15. You pay compensation in one month that is earned in two different months (or earning periods).

As shown in Figure 8-2, you must report the employee using two lines on the transmittal. On one line, use a January earning period to report the compensation earned from January 16—31. On a second line, use a February earning period to report the compensation earned from February 1—15. This report would be for the reporting period of February due to DRS by March 15.

Washington State Department of Retirement Systems

Member Earnings Transmittal Report-MRL

Rpt Grp	Syst/Plan	Rpt Per/Type/Ver/Expt	Employer Name	Prepared by	Telephone	Page
1234	P 1	02/2001 R 01/01	Example, City of	Dawn Riley	(360) 123-4567	1

Member Information		Earnings Information														
		Earning Period	Status	Compensation	Member Contributions	Employer (DB) Contributions	Hour/ Days	Begin Date	End Date							
SSN: 234 56 7890 Name: Moe, Joe		01	01	A	2000	00	48	60	93	40	80	0				
Gender: M	Birth: 07/28/55 Type: 03	Name Chg: Y or N	02	01	A	2000	00	48	60	93	40	80	0			
Address:		Add Chg: Y or N														
City	State:	Zip:														
Investment Program	Rate Option:	Tax Status:														
Choice/Transfer Date:	Plan Choice:															

Figure 8-2

The transmittal for the reporting period of March would be due to DRS April 15 and would have the compensation earned from February 16—28 and from March 1—15, as shown in Figure 8-3.

Washington State Department of Retirement Systems

Member Earnings Transmittal Report-MRL

Rpt Grp	Syst/Plan	Rpt Per/Type/Ver/Expt	Employer Name	Prepared by	Telephone	Page
1234	P 1	03/2001 R 01/01	Example, City of	Dawn Riley	(360) 123-4567	1

Member Information		Earnings Information														
		Earning Period	Status	Compensation	Member Contributions	Employer (DB) Contributions	Hour/ Days	Begin Date	End Date							
SSN: 234 56 7890 Name: Moe, Joe		02	01	A	2000	00	48	60	93	40	80	0				
Gender: M	Birth: 07/28/55 Type: 03	Name Chg: Y or N	03	01	A	2000	00	48	60	93	40	80	0			
Address:		Add Chg: Y or N														
City	State:	Zip:														
Investment Program	Rate Option:	Tax Status:														
Choice/Transfer Date:	Plan Choice:															

Figure 8-3

Bi-Weekly Payroll Cycles

Example #3:

Your payroll cycle is set so that an employee is paid on February 13 for work performed from January 25—February 7 and is paid on February 28 for work performed from February 8—21. You pay compensation in one month that is earned in two different months (or earning periods).

In this case, you must report the employee using two lines on the transmittal, as shown in Figure 8-4. On one line use a January earning period to report the compensation earned from January 25—31. On a second line, use a February earning period to report the compensation earned from February 1—21. Report this information on the February transmittal due to DRS by March 15.

Washington State Department of Retirement Systems										Member Earnings Transmittal Report-MRL										
Rpt Grp	Syst/Plan	Rpt Per/Type/Ver/Expt	Employer Name				Prepared by				Telephone				Page					
1234	P 1	02/2001 R 01/01	Example, City of				Dawn Riley				(360) 123-4567				1					
Member Information						Earnings Information														
						Earning Period	Status	Compensation	Member Contributions		Employer (DB) Contributions		Hour/ Days		Begin Date		End Date			
SSN: 123 45 6789 Name: Doe, Jane						01	01	A	1000	00	24	30	46	70	40	0				
Gender: F Birth: 12/12/55 Type: 03 Name Chg: Y or N						02	01	A	3000	00	72	90	140	10	120	0				
Address: Add Chg: Y or N																				
City State: Zip:																				
Investment Program Rate Option: Tax Status:																				
Choice/Transfer Date: Plan Choice:																				

Figure 8-4

Compensation earned from February 22—March 7 and paid on March 13 is reported on two lines as shown in Figure 8-5. On one line, use a February earning period to report the compensation earned from February 22—28. On a second line, use a March earning period to report the compensation earned from March 1—21. These earnings are reported on the March transmittal due to DRS by April 15.

Washington State Department of Retirement Systems										Member Earnings Transmittal Report-MRL										
Rpt Grp	Syst/Plan	Rpt Per/Type/Ver/Expt	Employer Name				Prepared by				Telephone				Page					
1234	P 1	03/2001 R 01/01	Example, City of				Dawn Riley				(360) 123-4567				1					
Member Information						Earnings Information														
						Earning Period	Status	Compensation	Member Contributions		Employer (DB) Contributions		Hour/ Days		Begin Date		End Date			
SSN: 123 45 6789 Name: Doe, Jane						02	01	A	1000	00	24	30	46	70	40	0				
Gender: F Birth: 12/12/55 Type: 03 Name Chg: Y or N						03	01	A	3000	00	72	90	140	10	120	0				
Address: Add Chg: Y or N																				
City State: Zip:																				
Investment Program Rate Option: Tax Status:																				
Choice/Transfer Date: Plan Choice:																				

Figure 8-5

Note: The bi-weekly examples above can be applied to semi-monthly payroll cycles. As previously stated, reports are due on the 15th of each month, but DRS recommends employers submit reports as of each payday.

Making Corrections to the Transmittal Report

Corrections on your Transmittal Report

Deferred Compensation Program

If the deducted deferral amount is not equal to the preprinted (expected) amount, draw a line through the preprinted amount using a pen (red preferred) or a typewriter and enter the amount that was deducted below the preprinted amount.

To adjust a DCP participant's deferral, determine the current deduction. Then add to or subtract from this amount to determine the appropriate amount to deduct/report to DRS. Employers should communicate with DRS staff before making this type of adjustment.

Retirement Systems

You can make corrections on your transmittal report, or use WBET or the Transmittal Correction form (TC) to submit changes at any time during the month. Automated corrections can be submitted using any of the automated methods available.

Two methods may be used to make corrections via the transmittal report. They are the "reverse and reenter" method and the "adding/subtracting" method.

The preferred method is the reverse and reenter method. Using this method creates a record of your correction, an audit trail, which makes it easier for others to identify when and how a correction was made.

The adding/subtracting method allows you to use a single line to make a correction. This method can be used to correct errors in reported compensation, contributions or service.

Note: To correct member contributions in Plan 3, use the current salary and rate to determine the current deduction. Then add to or subtract from this amount to determine the appropriate amount to deduct/report to DRS. As of March 1, 2002, DRS can process negative defined contributions up to 80 percent of all previously reported contributions, via the transmittal report. If you need to back out more than 80 percent, the amount is greater than \$1,500.00 or the member is withdrawn, contact ESS.

Reverse and Reenter Method for Manual Reporting

Example:

- On one blank line of the report, enter information for the employee exactly as you had reported it originally. Use brackets “[]” or a negative sign “-” to indicate negative amounts. See Figure 8-6.

Note: If you are correcting information for a *nontaxed period*, the information may have been changed by DRS when your regular transmittal report was processed. Be sure to back out the information *the same as it was changed by DRS*. If you are correcting a *taxed period*, back out the information exactly as it was reported originally.

- On a second blank line, reenter the correct information for the employee.
- Make any adjustments necessary to the page, plan and system totals.

Washington State Department of Retirement Systems										Member Earnings Transmittal Report-MRL									
Rpt Grp	Syst/Plan	Rpt Per/Type/Ver/Expt	Employer Name				Prepared by				Telephone				Page				
1234	P	1	03/2001	R	01/01	Example, City of				Dawn Riley				(360) 123-4567				1	
Member Information						Earnings Information													
						Earning Period	Status	Compensation	Member Contributions		Employer (DB) Contributions		Hour/ Days	Begin Date		End Date			
SSN: 123 45 6789 Name: Doe, Jane						02	01	A	-1000	00	-24	30	-46	70	-40	0			
Gender: F Birth: 12/12/55 Type: 03 Name Chg: Y or N						02	01	A	3000	00	26	40	53	10	120	0			
Address: Add Chg: Y or N																			
City State: Zip:																			
Investment Program Rate Option: Tax Status:																			
Choice/Transfer Date: Plan Choice:																			

Figure 8-6

Reverse and Reenter for Automated Reporting

Example:

First, enter a *reversing* transaction:

- Enter the month, year, status code and type code of the earning period you want to correct.
- Enter negative amount in the COMPENSATION, MEMBER CONTRIBUTIONS, EMPLOYER CONTRIBUTIONS and HOURS/DAYS fields to back out the incorrect reporting.

Note: If you are correcting information for a *nontaxed period*, the information you reported may have been changed by DRS when your transmittal was processed. Be sure to back out the information *the same as it was changed by DRS*. If you are correcting reporting for a *taxed period*, back out the information as it was reported originally.

Second, enter the *correcting* transactions:

- Enter the month, year, status code and type code of the earning period you want to correct.
- Enter the correct, positive amounts in the COMPENSATION, MEMBER CONTRIBUTIONS, EMPLOYER CONTRIBUTIONS and HOURS/DAYS fields.
- Adjust the summary record (or summary page) totals as necessary.

Adding/Subtracting Method for Manual Reporting

Example:

- On a blank line of the form, enter member information in the SSN, NAME and TYPE fields.
- In the EARNING PERIOD field, enter the applicable month and year for the earning period being corrected.
- In the STATUS field, enter the applicable status code for the earning period being corrected.
- In the COMPENSATION, MEMBER CONTRIBUTIONS, EMPLOYER CONTRIBUTIONS and HOURS/DAYS fields, add to or subtract from the previously reported amounts to adjust the reported total.

Note: As shown in Figure 8-7, if an employee earned \$220.00 more than was reported and worked an additional eight hours, the compensation, contributions, and service would need to be adjusted upward.

Washington State Department of Retirement Systems						Member Earnings Transmittal Report-MRL											
Rpt Grp (Dept)	Syst/Plan	Rpt Per/Type/Ver/Expt	Employer Name			Prepared by			Telephone			Page					
1234	P	1	03/2001	R	01/01	Example, City of			Dawn Riley			(360) 123-4567			1		
Member Information						Earnings Information											
						Earning Period	Status	Compensation	Member Contributions	Employer (DB) Contributions	Hour/ Days	Begin Date	End Date				
SSN: 123 45 6789 Name: Doe, Jane						02	01	A	220	00	5	34	10	27	8	0	
Gender: F Birth: 12/12/55 Type: 03 Name Chg: Y or N						03	01	A	3000	00	26	40	53	10	120	0	
Address: Add Chg: Y or N																	
City State: Zip:																	
Investment Program Rate Option: Tax Status:																	
Choice/Transfer Date: Plan Choice:																	

Figure 8-7

- At the bottom of the report, enter the page, plan and system totals. Complete the necessary employer profile information in the header.

Note: DRS recommends using one of the automated methods to submit correction reports, rather than using the paper TC form.

Adding/Subtracting for Automated Reporting

Example:

- Enter the month and year of the earning period you want to correct.
- Add to or subtract from the previously reported hours/days of service to correctly adjust the total.

Note: If hours of service were reported as 132.0 and should have been reported as 140.0, report *positive* hours of 8.0.

- Adjust the summary record (or summary page) totals as necessary.

Corrections using the Transmittal Correction Form

The preferred method for making corrections is to use WBET, but you can use a Transmittal Correction form (TC) to make corrections to your transmittal reporting (excluding DCP reporting). Because a TC can be sent to DRS at any time during the month, it is usually the quickest method to use to make corrections to your transmittal report. The same two methods for making the corrections to your transmittal report are used for the TC. The methods are “reverse and reenter” and “adding/subtracting.”

Reverse and Reenter Method for TC

Example:

- Complete the necessary employer profile information in the header.
- On one blank line, enter information for the employee exactly as you had reported it originally. Use brackets “[]” or a negative sign “-” to indicate negative amounts. See Figure 8-8.

Note: If you are correcting reporting for a *nontaxed period*, the information you reported may have been changed by DRS when your regular transmittal report was processed. Be sure to back out the information *the same as it was changed by DRS*. If you are correcting a *taxed period*, back out the information exactly as it was reported originally.

On a second blank line, reenter the correct information for the employee.

Washington State Department of Retirement Systems														Transmittal Correction Report			
Rpt Type	Rpt Grp (Dept)	System	Plan	Employer Name	Prepared by	Telephone	Page										
C	1234	P	2	Example, City of	Dawn Riley	(360) 123-4567	1										
Member Information					Earnings Information												
					Earning Period	Status	Compensation	Member Contributions	Employer (DB) Contributions	Hour/ Days	Begin Date	End Date					
SSN: 123 45 6789 Name: Doe, Jane					01	01	A	-4953	00	-297	18	-231	31	-170	0		
Gender: F Birth: 12/12/40 Type: 03 Name Chg: Y or N					01	01	A	4500	00	39	60	79	85	165	0		
Address: Add Chg: Y or N																	
City State: Zip:																	
Investment Program Rate Option: Tax Status:																	
Choice/Transfer Date: Plan Choice:																	
Figure 8-8																	
					Page Total												
					Plan Total												
					System Total												
					Mail this form to: Department of Retirement Systems Employer Support Services PO Box 48380 Olympia, WA 98504-8380												

- At the end of the TC report, enter page, plan and system totals.

Adding/Subtracting Method for TC

Example:

- Complete the necessary employer profile information in the header.
- On a blank line of the form, enter member information in the SSN, NAME and TYPE fields.
- In the EARNING PERIOD field, enter the applicable month and year for the earning period being corrected.
- In the STATUS field, enter the applicable status code for the earning period being corrected.
- In the COMPENSATION, MEMBER CONTRIBUTIONS, EMPLOYER CONTRIBUTIONS and HOURS/DAYS fields, add to or subtract from the previously reported amounts to adjust the reported total.

Note: As shown in Figure 8-9, an employee earned \$220.00 more than was reported and worked an additional eight hours, the compensation, contributions and service would need to be adjusted upward.

Washington State Department of Retirement Systems										Transmittal Correction Report									
Rpt Type	Rpt Grp (Dept)	System	Plan	Employer Name				Prepared by				Telephone				Page			
C	1234	P	2	Example, City of				Dawn Riley				(360) 123-4567				1			
Member Information				Earnings Information															
SSN: 123 45 6789 Name: Doe, Jane				Earning Period	Status	Compensation	Member Contributions	Employer (DB) Contributions	Hour/ Days	Begin Date	End Date								
				01	01	A	220	00	5	34	10	27	8	0					
Gender: F Birth: 12/12/40 Type: 03 Name Chg: Y or N																			
Address: Add Chg: Y or N																			
City State: Zip:																			
Investment Program Rate Option: Tax Status:																			
Choice/Transfer Date: Plan Choice:																			
Figure 8-9				Page Total												Mail this form to: Department of Retirement Systems Employer Support Services PO Box 48380 Olympia, WA 98504-8380			
				Plan Total															
				System Total															

- At the end of the report, enter the page, plan and system totals.
Complete the necessary employer profile information in the header.

Note: DRS recommends using one of the automated methods to submit correction reports, rather than using the paper TC form.

Multiple Record Layout Automated Reporting

Procedures for Multiple Record Layout (MRL) Reporting

The following pages provide information about procedures used in the MRL automated reporting. Because various reporting options are used by employers, these procedures may not describe the specific reporting procedures used by your agency. Please contact the appropriate staff in your agency or contact your service bureau for additional guidance for reporting procedures for your particular situation.

If you have other questions about how to accomplish your automated reporting, see page 8—44 or contact ESS for assistance.

Adding an Employee to the Transmittal Report

When you hire a new employee who is eligible for retirement system coverage or who chooses to participate in the DCP, or when an existing employee becomes eligible for retirement coverage, you must begin reporting the employee to DRS.

Before Adding an Employee

Verify the employee's plan assignment. The correct plan assignment is critical to ensure accurate reporting. This includes determining if the employee can transfer into PERS Plan 3 or if he or she must choose between Plan 2 or Plan 3 within 90 days of employment. Contact the appropriate retirement system (PERS, SERS, TRS, LEOFF) or Employer Support Services (ESS) for assistance with verifying a plan assignment. Plan 1 is the only plan within DCP.

Determine the correct month to begin reporting the employee. If an employee first earns compensation in March, you would begin reporting the employee with a March earning period and begin date. The employee would be added to either the March or the April transmittal, depending upon your payroll cycle. (See the section called "Reporting to DRS" earlier in the chapter for information about payroll cycles.)

Adding a DCP Participant to the Transmittal

DRS currently informs employers when to start deducting DCP deferrals. DRS will distribute an official DRS report as notification to all employers except users of the Human Resources Information System Division (HRISD) payroll system. DRS informs employers and HRISD of the new participants' deferrals and or deferral amount changes via a paper or electronic report. This report replaces the PA form that DRS currently sends to employers as authorization (per the employee) for a new deduction amount.

Note: Employers should not establish a DCP deduction before receiving approval from DRS.

Completing the First Transmittal Report

The following information *must* be included on your transmittal report the first time you report an employee to DRS. The member's/participant's enrollment will not be completed until DRS has received this data. The transmittal system will reject any transactions for members whose information is incomplete on the transmittal report.

The four fields in each record which follow the record type identifier are common (*Key*) fields and are part of each record type. They are:

- Reporting Group Number;
- Reporting Period;
- Report Type; and
- Report Version Number.

Create the following record types the first time you report an employee:

Note: Do not report the member profile record if you are reporting a retiree.

Member Profile Record

—Record Type Identifier

Key

—Social Security Number

—Member/Participant Name Change Flag = Y

—Member/Participant Last Name

—Member/Participant First Name

—Member/Participant Middle Name*

—Member/Participant Name Extension*

—Member/Participant Name Title*

—Member/Participant Name Suffix*

—Address Change Flag = Y

—Address 1

—Address 2*

—Address 3*

- City
- State
- Zip Code
- Zip Code Extension*
- Gender
- Birth Date

* Optional

Employment Information Record

- Record Type Identifier
- Key*
- Social Security Number
- System Code
- Plan Code
- Type Code
- Eligibility Start Date

Defined Benefit Record (not applicable for DCP)

- Record Type Identifier
- Key*
- Social Security Number
- System Code
- Plan Code
- Type Code
- Earning Period
- Status Code
- Hours
- Days
- Compensation
- Employer Contributions
- Defined Benefit Member Contributions

Defined Contribution Record (For Plan 3 and DCP only)

- Record Type Identifier

Key

- Social Security Number
- System Code
- Defined Contributions/Deferrals
- Tax Status
- Investment Program
- Rate Option

Note: Use this record only if a rate has been selected by the member or by default for Plan 3 or to report deferrals for a DCP participant. Employers should set up a deferral/payroll deduction only after receiving authorization from DRS.

Reporting a Member Transferring to PERS Plan 3

Current PERS Plan 2 members can transfer to Plan 3 during the initial transfer periods based on their employer:

- Phase One employers' initial transfer window is between March 1, 2002, and August 31, 2002. Phase One employers are defined as all state agencies, state colleges and universities. Current Plan 2 members are defined as having established membership prior to March 1, 2002.
- Phase Two employers' initial transfer window is between September 1, 2002, and May 31, 2003. Phase Two employers are defined as employers, such as but not limited to, cities, counties, fire protection districts, water districts, library districts, health districts and public utility districts. Current Plan 2 members are defined as having established membership prior to September 1, 2002.

After the end of each initial transfer window, current Plan 2 members may transfer only during the open enrollment period each January. To report the transfer, complete the information on the Plan Choice Record (PCR). The transfer date should be the same as the transfer date in Section 2 of the "Plan 3 Member Information form." Use "3X" in the Plan Choice field.

Plan Choice Record

—Record Type Identifier

Key

—Social Security Number

—System Code

—Choice Date

—Plan Choice

All information; e.g., Defined Benefit Record (DBR), must be reported in Plan 3, with the report that includes the PCR when reporting a Plan 2 member that is transferring into Plan 3.

Note: A member's entry date into PERS Plan 2 determines if they have the right to transfer from Plan 2 into Plan 3.

Reporting a Member Choosing PERS Plan 2 or PERS Plan 3

PERS Plan 2 members must choose to remain in Plan 2 or move to Plan 3 within the first 90 days of their PERS eligible employment. This choice is based on the type of employer:

- Phase One employers' Plan Choice starts as of March 1, 2002
- Phase Two employers' Plan Choice starts as of September 1, 2002

New employees who have never established membership in Plan 2 prior to the above dates must be reported in Plan 2 until they inform their employer—within 90 days—which plan they are choosing. If members do not provide their plan choice within the 90-day period, employers must report the member in Plan 3—report the date of the 90th day for members who are defaulted into Plan 3. Rate option A and the WSIB Investment Program must be reported for members who are defaulted into Plan 3.

To report the member's plan choice, complete the information on the Plan Choice Record. Use "2C," "3C" or "3D" in the Plan Choice field. The Plan Choice date should be the same as the date provided by the member on the Plan enrollment information form (the form is in the design process).

Plan Choice Record

—Record Type Identifier

Key

—Social Security Number

—System Code

—Choice Date

—Plan Choice

When reporting a Plan 2 member that is choosing Plan 2, all information; e.g., the DBR, must be reported in Plan 2, with the report that includes the PCR.

When reporting a Plan 2 member that is choosing or being defaulted into Plan 3, all information; e.g., the DBR must be reported in Plan 3, with the report that includes the PCR.

Note: A member's entry date into PERS Plan 2 determines if they have the option of choosing Plan 2 or Plan 3.

Reporting a Member Transferring to TRS or SERS Plan 3

Plan 2 members, who choose to transfer to Plan 3, may transfer only during the open enrollment period each January. Following are the initial non-PERS Plan 3 transfer periods:

TRS—July 1, 1996, through December 31, 1997

SERS—September 1, 2000, through February 28, 2001

To report the transfer date, complete the information on the Plan Choice Record. The transfer date should be the same as the transfer date on the Member Information Form (Section 2).

Plan Choice Record

—Record Type Identifier

Key

—Social Security Number

—System Code

—Choice Date

—Plan Choice

All information; e.g., Defined Benefit Record (DBR), must be reported in Plan 3, with the report that includes the Plan Choice Record.

Transmittal Reporting

When submitting your transmittal report include the following:

- a summary record for each transmittal report (reporting group);
- defined benefit information for members of all systems and plans (not applicable for DCP); and
- defined contribution/deferral information for Plan 3 members and DCP participants.

Note: Use the other record types; e.g., member profile, employment information and plan choice, only when necessary.

Separating Employees from the Transmittal Report

Use the Employment Information Record to submit the member's eligibility end date.

Terminating DCP Participation

Use the Employment Information Record to submit the participant's termination date (the employee's employment termination date).

Note: When a participant changes their deferral to zero, stop reporting the participant to DRS. (Do not report any type of date.) Upon termination, add the participant back on to the transmittal report to send the termination date.

Name and Address Changes

Name Information

When members or participants notify you of a name change, you should report the new information on the Member Profile Record of the transmittal report. Remember to report a "Y" for the Member/Participant Name Update Flag.

Address Information

When members or participants notify you of address changes, you should report the new address on the Member Profile Record of the transmittal report. Remember to report a "Y" for the Member/Participant Address Update flag.

Note: Active members' names and addresses can only be updated through the transmittal report. Employers should remind their employees to notify them with address changes.

Single Record Layout Automated Reporting

Procedures for Single Record Layout (SRL) Reporting

The following pages provide general information about common procedures used in single record automated reporting. Because employers use various reporting options, these procedures may not describe the specific reporting procedures used by your agency. Please contact the appropriate staff in your agency or contact your service bureau for additional guidance for transmittal reporting procedures in your particular situation.

If you have other questions about how to accomplish automated reporting, refer to page 8—44 or contact ESS at (360) 664-7200 or 1-800-547-6657.

Note: Plan 3 and DCP deferral information cannot be reported via the SRL. Please refer to the MRL instructions. If you are a LEOFF-only employer and still plan on using the SRL, please contact ESS.

Adding an Employee to the Regular Transmittal Report

When you hire a new employee who is eligible for retirement system coverage, or when an existing employee becomes eligible for retirement coverage, you must begin reporting the employee to DRS.

Before adding an employee

Verify the employee's plan assignment. The correct plan assignment is critical to ensure accurate reporting. Contact the appropriate retirement system (PERS, TRS, LEOFF) or ESS for assistance with verifying a plan assignment.

Determine the correct month to begin reporting the employee. If an employee first earns compensation in March, begin reporting the employee with a March earning period and begin date. The employee would be added to either the March or the April transmittal, depending upon your payroll cycle. (See the section called "Transmittal Reporting to DRS" in this chapter for information about payroll cycles.)

Completing the First Transmittal Report for a New Employee

The following information *must* be included on your regular transmittal report the first time you report a member. The member's enrollment will not be completed until DRS has received this data. The transmittal system will reject any transactions for members whose information is incomplete on the transmittal report.

The four fields in each record which follow the record type identifier are common (*Key*) fields and are part of each record type. They are:

- Reporting Group Number;
- Reporting Period;
- Report Type; and
- Report Version Number.

To report an employee, create a new detailed transaction record with information in each of the following fields:

—Record Type Indicator

Key

—Social Security Number

—Reporting Group Number

—Reporting Period

—Report Type

—Report Version Number

—System Code

—Plan Code

—Record Sequence Number

—Member Last Name

—Member First Name

—Member Middle Name*

—Earning Period

—Type Code

—Status Code

—Compensation

- Member Contributions
- Employer Contributions
- Hours/Days
- Begin Date
- Gender Code
- Birth Date

* Optional

To avoid an error, make sure you enter the employee's begin date, gender code, and birth date on a single line. Be sure the employee's begin date falls within the earning period shown on that line.

Reporting Additional Transaction Records

At times, you will need to add detailed transaction records to the regular transmittal report. You may have more than one earning period to report for an employee, or you may need to use additional status codes for your reporting.

When adding new transaction records to the *regular* transmittal report, be sure to:

- Enter information correctly in all the required detailed transaction fields.
- Adjust the summary record (or summary page) totals as necessary to reflect the changes you have made.

Separating an Employee

When an employee is no longer eligible for membership in a retirement system, stop reporting the employee to DRS. Use the regular transmittal report to separate the employee. You can also submit a correction report at any time during the month *after* the employee has separated and if all compensation, contributions and service have been reported.

When separating an employee, be sure to:

- report the correct earning period;
- enter status code S in the STATUS field;
- adjust the information in the COMPENSATION, MEMBER CONTRIBUTIONS, EMPLOYER CONTRIBUTIONS and HOURS/DAYS fields as necessary;

- enter the employee's last date of eligible employment in the END DATE field. Verify the end date you enter falls within the year and month of the earning period for this transaction record; and

Note: Create additional detailed transaction records if you need to report leave cashouts for the employee. (See Chapter 7, "Transmittal Codes," for details about using cashout codes.)

- adjust the summary record (or summary page) totals as necessary.

Technical Requirements

Overview

This section provides employers with information about how to report members and participants to DRS using an electronic format. DRS can accept two different layouts and several reporting media. The information in this section will help employers decide the best way for them to report retirement information and DCP deferral information to DRS.

This section describes:

- the two record layouts
 - Multiple Record Layout (MRL);
 - Single Record Layout (SRL)
- the automated reporting media DRS accepts and the data format options associated with this media;
- specific step by step information employers must follow to start using one of the automated reporting media accepted by DRS; and
- each field described/identified by record type for both MRL and SRL.

If you change your reporting method, please contact ESS to arrange for a test of the new method *before* submitting a regular transmittal report via the new method.

If you need additional copies of this information, or if you have questions about the information, please contact ESS at (360) 664-7200 or 1-800-547-6657. This information can also be accessed on our DRS Web site at **www.drs.wa.gov/employer**.

The Multiple Record Layout

The Multiple Record Layout (MRL) is Year 2000 compliant and is the recommended layout for employers to use. This is the only layout employers can use to report Plan 3 members and DCP participants. Using MRL allows employers to update an employee's mailing address or name, eliminating the need to complete paper forms.

What the MRL Looks Like

The MRL report structure contains the following record types:

- Summary Record
- Member Profile Record
- Employment Information Record
- Defined Benefit Record (not used for DCP)
- Defined Contribution Record (use only for Plan 3 members and DCP participants)
- Plan Choice Record (use only for Plan 3 members)

The Member Profile Record, the Employment Information Record and the Plan Choice Record should be used only when necessary. More detail on the use of these records is provided in the record and field description areas of this document. Refer to the next page for a graphic view of the various records associated with the MRL.

Record Types of the Multiple Record Layout

The chart in Figure 8-10 provides an overview of the structure for the transmittal reporting records. Detailed layouts for each record follow:

Summary Record	Member Profile Record	Employment Information Record	Defined Benefit Record	Defined Contribution Record	Plan 3 Choice Record
Record Type Identifier	RecordType Identifier	Record Type Identifier	Record Type Identifier	Record Type Identifier	Record Type Identifier
Reporting Group Number ¹	Key ²	Key ²	Key ²	Key ²	Key ²
Reporting Period ¹	SSN	SSN	SSN	SSN	SSN
Report Type ¹	Member Name Change Flag ³	System Code	System Code	System Code	System Code
Report Version Number ¹	Member Last Name ³	Plan Code	Plan Code	Defined Contributions ³	Choice Date ³
Expected Monthly Reports	Member First Name ³	Type Code	Type Code	Taxed/ Non Taxed Status	Plan Choice
Total Compensation	Member Middle Name ³	Eligibility Start Date	Earning Period	Investment Program	
Total Member Contributions ³	Member Name Extension ³	Eligibility End/Term Date ³	Status Code	Rate Option	
Total Employer Contributions	Member Name Title ³	Disability/Leave/Start Date ³	Hours		
Total Hours Reported	Member Name Suffix ³	Disability/Leave End Date	Days		
Total Records Reported	Address Change Flag	Control Number	Compensation		
Total Days Reported	Address Line ¹	Organization Display	Employer Contributions		
	Address Line ²		Defined Benefit Member Contributions		
	Address Line ³				
	City				
	State				
	Zip Code				
	Zip Extension				
	Gender Code				
	Birth Date				

Figure 8-10

¹ These four data elements form the *key*, and are part of each record type.

² The *key*, which includes the four data elements noted in the summary record column under footnote 1 must be reported for each record type.

³ Refer to each specific record type for the complete field name in order to reference the field descriptions that begin on page 8-53.

Note: The shaded record types do not apply to DCP.

Record Structure of the Multiple Record Layout

Listed below are some basic field requirements that you should be aware of:

- the four fields in each record which follow the record type identifier are common (key) fields and are part of each record type;
- field start and end information is given for employers who will be reporting with fixed length records;
- the maximum field length is shown in the “field length” column for tab-delimited records;
- only tab-delimited records or fixed length records are accepted;
- report signed negative and positive numbers;
- alpha fields must be left justified;
- alpha fields should be blank when not being used;
- numeric fields must be right justified;
- numeric fields should be zero filled when not being used; and
- zoned decimals are not accepted.

The charts on the following pages reflect field names, format and field length information for each record type within MRL.

The Summary Record

Summary Record Use

The summary record as shown in Figure 8-11, must be part of every transmittal report to DRS but do not include in the Total Records Reported field. You can send one file with multiple reports but each transmittal report must have a summary record. The reporting group number is the data element within the summary record that distinguishes one transmittal report from another. Some employers have more than one reporting group number; i.e., a city has a reporting group number for the Public Employees' Retirement System (PERS), and a reporting group number for the Law Enforcement Officers' & Fire Fighters' Retirement System (LEOFF). If you have employees who participate in the DCP, you will have a third reporting group number.

Summary Record Layout

Field	Format	Field Length	Fixed Start	Fixed End
Record Type Identifier ²	Character	1	1	1
Reporting Group Number ¹	Character	6	2	7
Reporting Period ¹	yyyymm	6	8	13
Report Type ¹	Character	1	14	14
Report Version Number ¹	##	2	15	16
Expected Monthly Reports	##	2	17	18
Total Compensation	+/-#####.##	13	19	31
Total Member Contributions/Deferrals	+/-#####.##	13	32	44
Total Employer Contributions	+/-#####.##	13	45	57
Total Hours	+/-#####.#	12	58	69
Total Records Reported	#####	7	70	76
Total Days	+/-#####.#	12	77	88

Figure 8-11

¹ These four data elements form the *key*, and are part of each record type.

² Record Type Identifier is S.

The Member Profile Record

Member Profile Record Use

This record is required the first time you report an employee, but not a retiree. This record is also used to report a change to a member's or participant's name, address, birth date or gender code. See Figure 8-12 for details.

Member Profile Record Layout

Field	Format	Field Length	Fixed Start	Fixed End
Record Type Identifier ²	Character	1	1	1
Reporting Group Number ¹	Character	6	2	7
Reporting Period ¹	yyyymm	6	8	13
Report Type ¹	Character	1	14	14
Report Version Number ¹	##	2	15	16
Social Security Number	#####	9	17	25
Member/Participant Name Change Flag	Character	1	26	26
Member/Participant Last Name	Character	35	27	61
Member/Participant First Name	Character	35	62	96
Member/Participant Middle Name	Character	35	97	131
Member/Participant Name Extension	Character	3	132	134
Member/Participant Name Title	Character	5	135	139
Member/Participant Name Suffix	Character	5	140	144
Address Change Flag	Character	1	145	145
Address Line 1	Character	35	146	180
Address Line 2	Character	35	181	215
Address Line 3	Character	35	216	250
City	Character	35	251	285
State Code	Character	2	286	287
Zip Code	#####	5	288	292
Zip Code Extension	####	4	293	296
Gender Code	Character	1	297	297
Birth Date	yyyymmdd	8	298	305

Figure 8-12

¹ These four data elements form the *key*, and are part of each record type.

² Record Type Identifier is M.

The Employment Information Record

Employment Information Record Use

This record is required the first time you report an employee, and the last time you plan to report an employee. The leave/disability start and end date fields are used to record disability leave periods for LEOFF members. Layout details are shown in Figure 8-13.

Employment Information Record Layout

Field	Format	Field Length	Fixed Start	Fixed End
Record Type Identifier ²	Character	1	1	1
Reporting Group Number ¹	Character	6	2	7
Reporting Period ¹	yyyymm	6	8	13
Report Type ¹	Character	1	14	14
Report Version Number ¹	##	2	15	16
Social Security Number	#####	9	17	25
System Code	Character	1	26	26
Plan Code	#	1	27	27
Type Code	##	2	28	29
Eligibility Start Date	yyyymmdd	8	30	37
Eligibility End/Termination Date	yyyymmdd	8	38	45
Disability/Leave Start Date	yyyymmdd	8	46	53
Disability/Leave End Date	yyyymmdd	8	54	61
Control Number	Character	6	62	67
Organization Display	Character	6	68	73

Figure 8-13

¹ These four data elements form the *key*, and are part of each record type.

² Record Type Identifier is E.

The Defined Benefit Record

Defined Benefit Record Use (Not Applicable for DCP)

This record should be on every report for each member who has been reported with a retirement eligibility start date by your organization. At least one defined benefit record per member must be reported for each earning period being reported. This should continue until a retirement eligibility end date is reported. Layout details are shown in Figure 8-14.

Defined Benefit Record Layout

Field	Format	Field Length	Fixed Start	Fixed End
Record Type Identifier ²	Character	1	1	1
Reporting Group Number ¹	Character	6	2	7
Reporting Period ¹	yyyymm	6	8	13
Report Type ¹	Character	1	14	14
Report Version Number ¹	##	2	15	16
Social Security Number	#####	9	17	25
System Code	Character	1	26	26
Plan Code	#	1	27	27
Type Code	##	2	28	29
Earning Period	yyyymm	6	30	35
Status Code	Character	1	36	36
Hours	+/-###.#	6	37	42
Days	+/-##.#	5	43	47
Compensation	+/-#####.##	11	48	58
Employer Contributions	+/-#####.##	11	59	69
Defined Benefit Member Contributions	+/-#####.##	11	70	80

Figure 8-14

¹ These four data elements form the *key*, and are part of each record type.

² Record Type Identifier is B.

The Defined Contribution Record

Defined Contribution Record Use

This record should be on each report for every Plan 3 member's retirement contribution or DCP participants' deferral information the first time you report the member or participant. The Defined Contribution Record, the Member Profile Record and the Plan 3 Choice Record must be reported the first time you report a member transferring to Plan 3. See layout details in Figure 8-15.

Defined Contribution Record Layout

Field	Format	Field Length	Fixed Start	Fixed End
Record Type Identifier ²	Character	1	1	1
Reporting Group Number ¹	Character	6	2	7
Reporting Period ¹	yyyymm	6	8	13
Report Type ¹	Character	1	14	14
Report Version Number ¹	##	2	15	16
Social Security Number	#####	9	17	25
System Code	Character	1	26	26
Defined Contributions/Deferrals	+/-#####.##	11	27	37
Taxed/Non-taxed Status	Character	1	38	38
Investment Program	Character	4	39	42
Rate Option	Character	1	43	43

Figure 8-15

¹

These four data elements form the *key*, and are part of each record type.

² Record Type Identifier is C.

The Plan Choice Record

Plan Choice Record Use (not applicable for DCP)

This record needs to be submitted only one time per member. This should be part of each transmittal report for every Plan 2 member who has chosen to remain in Plan 2, and/or for any Plan 2 member who has selected (choice/transfer) Plan 3, or is defaulted into PERS Plan 3 and is being reported in Plan 3 for the first time.

Without the Plan Choice date and/or the Transfer date, DRS will not move a Plan 2 member into Plan 3, and all of the reported information on the transmittal report will be rejected. The Plan Choice information is required when the choice/transfer date is reported for new members only. Refer to the codes below:

- 2C = New PERS Plan 2 member chooses Plan 2
- 3C = New PERS Plan 2 member chooses Plan 3
- 3D = New PERS Plan 2 member is defaulted into Plan 3
- 3X = Plan 2 member transfers to Plan 3

The Employment Information Record (when applicable) and the DBR should contain the appropriate Plan number in the plan code field and be included with the Member Profile Record on the transmittal report for each member being reported with this record. Layout details are shown in Figure 8-16.

Plan Choice Record Layout

Field	Format	Field Length	Fixed Start	Fixed End
Record Type Identifier ²	Character	1	1	1
Reporting Group Number ¹	Character	6	2	7
Reporting Period ¹	Yyyymm	6	8	13
Report Type Code ¹	Character	1	14	14
Report Version Number ¹	##	2	15	16
Social Security Number	#####	9	17	25
System Code	Character	1	26	26
Plan Choice Date or Transfer Date	yyyymmdd	8	27	34
Plan Choice	Character	2	35	36

Figure 8-16

¹ These four data elements form the key, and are part of each record type.

² The Record Type Identifier is T.

The Single Record Layout

The Single Record Layout (SRL) is Year 2000 compliant, but Plan 3 members and DCP participants cannot be reported with this layout. For this reason, DRS recommends employers use the MRL.

What the SRL Looks Like

The SRL report structure contains the following record types:

- Summary Record
- Benefit Record

The SRL is organized as one record or transaction and one summary record. Every transmittal report must include the summary record and the benefit record(s) for each employee you report to DRS. Refer to the next page for a picture view of the different records associated with the SRL.

Record Types of the Single Record Layout

The chart in Figure 8-17 provides an overview of the structure for the transmittal reporting records. Detailed layouts for each record follow.

Summary Record	Benefit Record
Record Type Identifier	Record Type Identifier
Reporting Group Number	Social Security Number
Reporting Period	Reporting Group Number
System Code	Reporting Period
Report Type	Report Type
Report Version Number	Report Version Number
Expected Monthly Reports	System Code
Total Compensation	Plan Code
Total Member Contributions	Record Sequence Number
Total Employer Contributions	Member Last Name
Total Hours/Days Reported	Member First Name
Total Records Reported	Member Middle Name
	Earning Period
	Type Code
	Status Code
	Compensation
	Member Contributions
	Employer Contributions
	Hours/Days
	Begin Date
	End Date
	Gender Code
	Birth Date

Figure 8-17

Record Structure of the Single Record Layout

Listed below are some basic field requirements you should be aware of:

- field start and end information is given for employers who will be reporting with fixed length records;
- the maximum field length is shown in the “field length” column for tab-delimited records;
- only tab-delimited records or fixed length records are accepted;
- report signed negative and positive numbers;
- alpha fields must be left justified;
- alpha fields should be blank when not being used;
- numeric fields must be right justified;
- numeric fields should be zero filled when not being used; and
- zoned decimals are not accepted.

The charts on the following pages reflect field names, format and field length information for each record type within SRL.

The Summary Record

Summary Record Use

The summary record must be part of every transmittal report to DRS. You can send one file with multiple reports but each transmittal report must have a summary record. The reporting group number is the data element within the summary record that distinguishes one transmittal report from another. See Figure 8-18 for layout details.

Summary Record Layout

Field	Format	Field Length	Fixed Start	Fixed End
Record Type Identifier	Character	1	1	1
Reporting Group Number	Character	6	2	7
Reporting Period	yyyymm	6	8	13
System Code	Character	1	14	14
Report Type	Character	1	15	15
Report Version Number	##	2	16	17
Expected Monthly Reports	##	2	18	19
Total Compensation	+/-#####.##	13	20	32
Total Member Contributions	+/-#####.##	13	33	45
Total Employer Contributions	+/-#####.##	13	46	58
Total Hours/Days	+/-#####.#	12	59	70
Total Records Reported	#####	7	71	77

Figure 8-18

The Benefit Record

Benefit Record Use

This record should be part of every transmittal report for each member who has been reported with a retirement eligibility start date by your organization. At least one benefit record per member must be reported for each earning period being reported. This should continue until a retirement eligibility end date is reported. See Figure 8-19 for layout details.

Benefit Record Layout

Field	Format	Field Length	Fixed Start	Fixed End
Record Type Identifier	Character	1	1	1
Social Security Number	#####	9	2	10
Reporting Group No.	Character	6	11	16
Reporting Period	yyyymm	6	17	22
Report Type	Character	1	23	23
Report Version Number	##	2	24	25
System Code	Character	1	26	26
Plan Code	#	1	27	27
Record Sequence Number	#####	7	28	34
Member Last Name	Character	35	35	69
Member First Name	Character	35	70	104
Member Middle Name	Character	35	105	139
Earning Period	yyyymm	6	140	145
Type Code	##	2	146	147
Status Code	Character	1	148	148
Compensation	+/-#####.##	11	149	159
Member Contributions	+/-#####.##	11	160	170
Employer Contributions	+/-#####.##	11	171	181
Hours/Days	+/-###.#	6	182	187
Begin Date	yyyymmdd	8	188	195
End Date	yyyymmdd	8	196	203
Gender Code	Character	1	204	204
Birth Date	yyyymmdd	8	205	212

Figure 8-19

Choose From Three Data Format Options

DRS will accept three different formats from automated systems. The chart in Figure 8-20 describes the typical system requirements used to produce transmittal reports in each format.

	ASCII text format — tab delimited	ASCII text format — fixed length	EBCDIC format — fixed length
Typical system requirements	PC-based spreadsheet or database programs	Mainframe or mini-computer systems Also PC-based database or spreadsheet programs	Mainframe or mini-computer systems

Figure 8-20

Choose From Two Reporting Media Options

DRS can process transmittal report information via electronic transmission or diskette. DRS recommends using the ASCII text format (tab delimited) if you currently use the paper report. This type of transmittal report can be created using spreadsheet software.

Electronic Reporting Choices

Employers can choose from three methods of electronic transmission:

- Web-Based Employer Transmittal (WBET); or
- File Transfer Protocol (FTP); or
- dataset.

Note: You may access WBET information at <http://www.drs.wa.gov/employer>.

Reporting via FTP requires employers to use the ASCII text format. The FTP method allows employers to send their transmittal report over the Internet using FTP software.

Employers who choose to report via dataset must use the EBCDIC fixed length format. Employers must be able to transmit the transmittal report file directly to a system 390 mainframe in Olympia, and have an account with the Washington State Department of Information Systems (DIS).

Note: Employers who choose to report electronically must ensure DRS receives the DCP deferral dollars the same day as the electronic file.

Creating an ASCII Format Transmittal Report Using a Spreadsheet

Employers can use spreadsheet software and a personal computer to create a file containing their detailed transmittal report transactions, and summary record. The file must be saved as ASCII text, in tab delimited format. This type of file can be submitted via diskette or FTP (one of the electronic transmission methods).

The samples in Figures 8-21, 8-22 and 8-23 reflect how a regular transmittal report created with a spreadsheet may appear.

Points for use in creating a spreadsheet

- By using the record type identifier “L,” you can create headings to help you use your spreadsheet. The DRS system will not process information in any row with an L in the Record Type Indicator field. (See the description of the Record Type Identifier field on page 8—65.)
- Many spreadsheets will delete leading zeroes from numbers you enter. (For instance, the zero will be removed from 07.) As long as you are reporting in ASCII text, tab delimited format, DRS can read these fields, even if the leading zeroes do not appear. You may encounter this with fields such as Report Version Number, Expected Monthly Reports, Social Security Number or Type Code, among others.
- If you would like to have leading zeroes show on your spreadsheet, review the features of your spreadsheet application to determine how to reformat the way numbers are displayed in the cells.
- Because there are more fields in the detailed records than in the summary record, the columns do not need to line up. (See Figures 8-21, 8-22 and 8-23.)
- When the monthly transmittal report is complete, save your file as ASCII text, with tab delimiters. Follow the instructions provided with your software to save the file in this format.

Note: Refer to the field descriptions on page 8—59 for complete field names. Field headings in Figures 8-21, 8-22 and 8-23 are abbreviated.

MRS ASCII TAB DELIMITED FORMAT – USING A SPREADSHEET – PERS REPORT

Totals appear here for these columns of detailed information

L Summary Record

L	Report Group	Report Period	Rpt Type	Rpt Ver	Exp	Total Comp	Total Mem Contrib	Total Emp Contrib	Total Hours	Total Records	Total Days
S	1234	200103	R	01	01	4000.00	260.00	186.80	320.0	0000006	0.0

L Member Profile Record

L	Report Group	Report Period	Rpt Type	Rpt Ver	SSN	Name Change	Last Name	First Name	Middle Name	Name Extension	Name Title	Name Suffix	Address Change	Address Line 1	Address Line 2	Address Line 3	City	State	Zip Code	Zip Ext	Gen	Birth Date
M	1234	200103	R	01	555378888	Y	Mer	Iona	B				Y	PO Box 111			Olympia	WA	98504	8380	M	19580204

L Employment Information Record

L	Report Group	Report Period	Rpt Type	Rpt Ver	SSN	System	Plan	Type Code	Start Date	End Date	Dis Start	Dis End	Control Number	Org Display
E	1234	200103	R	01	888526644	P	1	03	20010301					

L Defined Benefit Record

L	Report Group	Report Period	Rpt Type	Rpt Ver	SSN	System	Plan	Type Code	Earn Period	Status Code	Hours	Days	Member Comp	Employer Contrib	Def Bene Contrib
B	1234	200103	R	01	888526644	P	1	03	200103	A	160.0	00.0	2000.00	93.40	120.00
B	1234	200103	R	01	555678888	P	3	03	200103	A	160.0		2000.00	93.40	

L Defined Contribution Record

L	Report Group	Report Period	Rpt Type	Rpt Ver	SSN	System	Def Contrib	Tax Status	Invest Prgm	Rate Option
C	1234	200103	R	01	555378888	P	140.00		WSIB	D

L Plan Choice Record

L	Report Group	Report Period	Rpt Type	Rpt Ver	SSN	System	Transfer Date	Plan Choice
T	1234	200103	R	01	555378888	P	20010301	3X

Figure 8-21

L

Summary Record

L	Report Group	Report Period	Rpt Type	Rpt Ver	Exp	Total Comp	Total Deferrals	Total Emp Contrib	Total Hours	Total Records	Total Days
L	Group	Period	Type	Ver		Comp		Contrib	Hours	Records	Days
S	899Z99	200010	R	01	01	0000000.00	540.00	000000.00	00000.00	0000008	000000.00

← Total deferrals appear here for the detailed information →

L

Member Profile Record

L	Report Group	Report Period	Rpt Type	Rpt Ver	SSN	Name Change	Last Name	First Name	Middle Name	Name Extension	Name Title	Name Suffix	Address Change	Address Line 1	Address Line 2	Address Line 3	City	State	Zip Code	Zip Ext	Gen	Birth Date
L	Group	Period	Type	Ver				Name	Name	Ext	Title	Suffix	Change	Line 1	Line 2	Line 3						Date
M	899Z99	200010	R	01	123768888	N	Mer	Iona	B				Y	PO Box 111			Olympia	WA	98504	8380	F	19580204
M	899Z99	200010	R	01	987561234	N	Reilly	Dawn	A				Y	123 First Ave			Olympia	WA	98506		F	19620524

L

Employment Information Record

L	Report Group	Report Period	Rpt Type	Rpt Ver	SSN	System	Plan	Type Code	Start Date	End Date	Dis Start	Dis End	Control Number	Org Display
L	Group	Period	Type	Ver					Date	Date				
E	899Z99	200010	R	01	032556606	D	1	00	20001002		00000000	0000000		
E	899Z99	200010	R	01	321568822	D	1	00	20001002					

L

Defined Benefit Record

L	Report Group	Report Period	Rpt Type	Rpt Ver	SSN	System	Plan	Type Code	Earn Period	Status Code	Hours	Days	Member Comp	Employer Contrib	Def Bene Contrib
L	Group	Period	Type	Ver											

L

Defined Contribution Record

L	Report Group	Report Period	Rpt Type	Rpt Ver	SSN	System	Deferral Amount	Tax Status	Invest Prgm	Rate Option
L	Group	Period	Type	Ver						
C	899Z99	200010	R	01	123768888	D	140.00			
C	899Z99	200010	R	01	032556606	D	50.00			
C	899Z99	200010	R	01	321568822	D	100.00			
C	899Z99	200010	R	01	987561234	D	250.00			

L

Transfer Record

L	Report Group	Report Period	Rpt Type	Rpt Ver	SSN	System	Transfer Date
L	Group	Period	Type	Ver			

MRS ASCII TAB DELIMITED FORMAT – USING A SPREADSHEET – PERS REPORT

Figure 8-22

Note: There should be no transactions in the Defined Benefit Record or the Transfer Record if reporting deferrals for participants of the Deferred Compensation Program. These records should not be included in the file

SRL ASCII Tab Delimited Format - Using a Spreadsheet—PERS Report

Summary Record

L	Report Group	Report Period	Report System	Report Type	Rpt Ver	Exp	Total Comp	Total Mem Contrib	Total Empl Contrib	Total Hrs/Days	Total Records
S	2483	199807	P	R	01	01	28443.11	1322.61	2133.23	1559.7	0000009

Totals appear here for these columns of detailed information

Detailed Transmittal Transactions

L	SSN	Report Group	Report Period	Report Type	Rpt Ver	Sys	Plan	Sequence	Last Name	First Name	Mid Name	Earn Per	Type	Status	Comp	Mem Contrib	Empl Contrib	Hrs/ Days	Begin Date	End Date	Gen	Birth Date
T	538680249	2483	199807	R	01	P	2	0000001	Selbel	John	Adam	199807	07	A	1749.77	81.36	131.23	173.3				
T	538500468	2483	199807	R	01	P	2	0000002	Snoddy	James	Monroe	199807	07	A	2384.41	113.88	178.83	173.3				
T	537960510	2483	199807	R	01	P	2	0000003	Cox	Marcus	Miller	199807	07	A	2201.00	102.35	165.08	173.3				
T	531320600	2483	199807	R	01	P	2	0000004	George	Fredricke	Xavier	199807	07	S	3564.03	165.73	267.30	173.3			19980630	
T	531760620	2483	199807	R	01	P	2	0000005	Holte	Michael		199807	07	A	2563.00	119.18	192.23	173.3				
T	362641245	2483	199807	R	01	P	2	0000006	Kent	Raymond	Stuart	199807	07	A	2381.64	110.75	178.62	173.3				
T	537021811	2483	199807	R	01	P	2	0000007	Jones	David	Michael	199807	07	A	3432.47	159.61	257.44	173.3				
T	579212078	2483	199807	R	01	P	2	0000008	Yee	Fenny	Y	199807	07	A	5833.34	271.25	437.5	173.3				
T	557452230	2483	199807	R	01	P	2	0000009	Schommer	Stephen	Francis	199807	07	A	4333.34	201.50	325.00	173.3	19980601		M	19630327

Figure 8-23

Reporting Via FTP

How to Report via FTP

To submit a transmittal report via FTP, create a single electronic file containing both the detailed transmittal report transactions and the summary record information. Save the file and transmit to DRS by the due date.

What You Can Report Via FTP

You can use FTP to submit:

- transmittal reports; and
- correction transmittal reports (does not apply to DCP reporting).

What You Will Need

To submit via FTP you need:

- computer hardware and software that can prepare an electronic file in the required data format;
- an Internet connection with FTP software; and
- a completed DRS Data Sharing Agreement.

Advantages of FTP Reporting

FTP reporting allows you to eliminate the time and costs of mailing a diskette or manual (paper) report. FTP reporting also allows DRS to update members' accounts and respond to your transmittal report more effectively.

Getting Started with FTP Reporting

Step 1—Establish a DRS user ID

FTP transmittal reporting requires employers to establish a user ID with DRS and to provide an Internet e-mail address. Call ESS at (360) 664-7200 or 1-800-547-6657 to begin the process of establishing a user ID.

Step 2—Complete a DRS Data Sharing Agreement

Before reporting via FTP, you will need to complete a Data Sharing Agreement with DRS. This agreement spells out the responsibilities of both parties when sharing data. Call ESS for an agreement form. A security profile (includes your user ID, password and directory path/location you will transmit your file to) is necessary in order for DRS to accept your electronic file via FTP. Upon receipt of the signed data sharing agreement, your security profile will be established.

Step 3—Prepare Your Transmittal Information

The preliminary step of preparing your transmittal reporting information is the same for FTP reporting as for any other method. You will use your payroll information to determine the detailed transmittal reporting transactions you need to submit to DRS.

Step 4—Create a Summary Record

Each transmittal report to DRS includes two parts:

- The detailed transmittal reporting transactions for each member; and
- the summary record totals (such as compensation and contributions) that equal the sum of the detailed transactions.

After you have determined the detailed transactions you need to transmit to DRS, create a summary record to include with your detailed transactions.

Step 5—Create an Electronic File of Your Transmittal Report

Save both the detailed transactions and the summary record in a single electronic file. You may place the summary record at either the beginning or the end of the file.

Note: The data format options DRS will accept are described on page 8—29. The formats standardize the order of the data in your report so that DRS can read your electronic file and process the transactions. Your choice will be based on the type of hardware and software you have available.

Step 6—Name Your FTP File

See Figure 8-24 for an example of naming your electronic files using the following convention:

- The first four characters indicate the organization identification number assigned by DRS. If you do not know your organization ID, contact ESS at (360) 664-7200 or 1-800-547-6657;

- the next four characters should reflect the month and version number and/or DCP1 or DCP2 if you are submitting a DCP report; and
- the three-character extension indicates format of the data.
 - TAB for ASCII tab delimited format
 - FIX for ASCII fixed length format

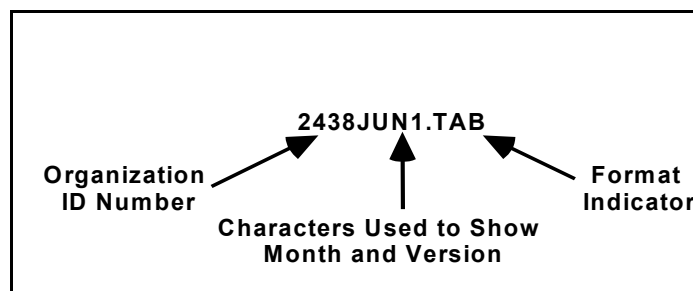


Figure 8-24

Step 7—Submit a Test FTP file to DRS

If you are changing to FTP reporting from another method, contact ESS so they can work with you to send a test file. ESS will pre-edit the test file to ensure the file can be read and the data is in the correct format. You should continue to submit the transmittal report using your current method until you are notified by ESS of a successful test. *Test file names should include the word test after your organization id: 2438TEST.TAB or 2438TEST.FIX.*

Step 8—Begin Reporting Via FTP

Once a test is successful, you will be notified that you can begin using FTP to send transmittal reports. Each weeknight, DRS will search your directory for files with appropriate file names. DRS will process the file the evening of the day you transmit the file. To confirm receipt of the file, DRS generates an e-mail message to you by the end of the day in which you sent your file.

After the file is processed, DRS will delete the file from your assigned directory. If you discover the file you sent has an error, re-transmit a correct file with the same file name and it will replace the original file you sent if the original file has not been processed. (Processing begins at 5 p.m. Pacific Standard Time.) DCP reports must be received by 9 a.m. Pacific Standard Time or they will be processed the following day.

Note: Employers who choose to report electronically must ensure DRS receives the DCP deferral dollars the same day as the electronic file.

Reporting by Diskette

How to Submit a Transmittal Report on Diskette

To submit your transmittal report by diskette, create a single electronic file containing your detailed transmittal transactions and the summary record information. Save the file on a diskette. Mail the diskette to DRS so that it is received by the due date.

What You Can Report by Diskette

A diskette can be used to submit:

- transmittal reports; and
- correction transmittal reports (does not apply to DCP reporting).

What You Will Need

To report by diskette you will need:

- A personal computer or other computer; and
- the ability to save your transmittal report as an electronic file in one of the formats DRS can accept. (If you use a spreadsheet or other program to prepare your payroll, you may already be able to save data in one of the ASCII formats described beginning on page 8—44.

Note: DRS can accept only 3.5-inch diskettes formatted for PC.

Advantages of Reporting by Diskette

Reporting by diskette allows you to eliminate the time and costs of preparing a paper report. By limiting the manual intervention involved in submitting your retirement information on paper, you increase the potential for accuracy.

How to Start Reporting via a Diskette

Step 1—Prepare Your Transmittal Information

The preliminary step of preparing your transmittal information is the same for diskette reporting as for any other method. You will use your payroll information to determine the detailed transmittal reporting transactions you need to report to DRS.

Step 2—Create a Summary Record

Each report to DRS includes two parts:

- The detailed transmittal report transactions for each member; and
- the summary record totals (such as compensation and contributions) that equal the sum of the detailed transactions.

After you have determined the detailed transactions you need to submit to DRS, create a summary record to include with your detailed transactions.

Step 3—Create an Electronic File of Your Transmittal Report

Save both the detailed transactions and your summary record in a single electronic file. You may place the summary record at either the beginning or the end of the file.

Note: The data format options DRS will accept are described on page 8—44. The formats standardize the order of the data in your transmittal report so that DRS can read your electronic file and process the transactions. Your choice will be based on the type of hardware and software you have available.

Step 4—Name Your File

See Figure 8-26 for an example of naming your electronic files using the following convention:

- The first four characters indicate the employer's organization number which is assigned by DRS. If you do not know your organization number, contact ESS at (360) 664-7200 or 1-800-547-6657;
- the next four characters should reflect the month and version number; and
- the three-character extension indicates format of the data.

—TAB for ASCII tab delimited format

—FIX for ASCII fixed length format

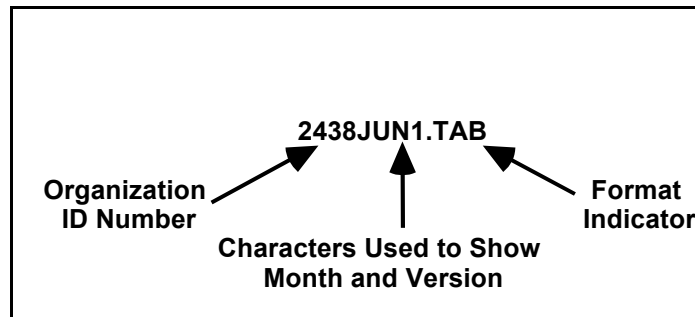


Figure 8-25

Step 5—Prepare Your Diskette

Save your transmittal report on a diskette as one file (you can combine more than one report in your file). Send only the current month's report. If you have used the diskette for previous reports, delete any old information still stored on the diskette.

Step 6—Label the Diskette

Each diskette you send to DRS must have an outside label. Include the following information on the label:

Employer name;

- Employer name;
- employer address
- file name for the electronic file on the diskette;
- report period; and
- your DRS-assigned organization ID. If you need to verify your organization ID, contact ESS at (360) 664-7200 or 1-800-547-6657.

Step 7—Address and Mail Your Diskette

Be sure to use appropriate packaging to ensure that your diskette is not damaged. The address for mailing will depend upon the carrier you use.

Retirement Systems

Federal Express or
United Parcel Service

DRS Transmittal Unit
6835 Capitol Blvd.
Tumwater, WA 98501

United States Postal Service

DRS Transmittal Unit
P.O. Box 48380
Olympia, WA 98504-8380

Step 8—Submit a Test Diskette

If you are changing to diskette reporting from another method, contact ESS so they can work with you to send a test diskette. ESS will pre-edit the test file to ensure the file can be read and that the data is in the correct format. You should continue to submit transmittal reports using your current method until you are notified by ESS of a successful test. *Test file names should include the word test after your organization id: 2438TEST.TAB or 2438TEST.FIX.*

Step 9—Begin Reporting by Diskette

Once a test is successful, you will be notified that you can begin using a diskette to send transmittal reports. ESS will return your diskette after each transmittal report has been processed.

Reporting Via Dataset

How to Report Via Dataset

To submit your transmittal report via dataset, create a single electronic file containing both detailed transactions and the summary record information. Save the file and transmit the file to DRS by the due date.

What You Can Report Via Dataset

You can use a dataset to submit:

- transmittal reports; and
- correction transmittal reports (does not apply to DCP reporting) .

What You Will Need

To submit datasets you will need:

- Computer hardware and software that can prepare a dataset in the necessary data format;
- a DIS account;
- a completed DRS Data Sharing Agreement; and
- the ability to transmit datasets to the DIS IBM System 390 MVS mainframe computer in Olympia if the dataset is created on your own computer, or create the dataset on the DIS computer. The dataset method of electronic transmittal reporting is recommended only for an employer who has already established an account with DIS.

Advantages of Dataset Reporting

Dataset transmittal reporting allows you to eliminate the time and costs of mailing a diskette or paper report. Dataset reporting also allows DRS to update members' accounts and respond to your transmittal report more effectively.

Getting Started with Dataset Reporting

Step 1—Establish a DIS Account

Before you can send transmittal reports via dataset, you must have an account with DIS. A DIS-provided user ID is also needed to create a dataset on the DIS mainframe. This account and user ID are separate from any agreements with DRS. If you do not already have an account with DIS, call ESS at (360) 664-7200 or 1-800-547-6657 to begin the process.

Step 2—Complete a DRS Data Sharing Agreement

Before reporting via dataset, you will need to complete a Data Sharing Agreement with DRS. This agreement spells out the responsibilities of both parties who are sharing data. Contact ESS at (360) 664-7200 or 1-800-547-6657 and an agreement form will be sent to you. Once DRS has received a signed Data Sharing Agreement, your security profile will be established. A security profile is necessary for DRS to accept your electronic file via dataset.

Step 3—Prepare Your Transmittal Information

The preliminary step of preparing your transmittal report information is the same for dataset reporting as for any other method. You will use your payroll information to determine the detailed transmittal reporting transactions you need to submit to DRS.

Step 4—Create a Summary Record

Each transmittal report to DRS includes two parts:

- The detailed transmittal report transactions for each member; and
- the summary record totals (such as compensation and contributions) that equal the sum of the detailed transactions.

After you have determined the detailed transactions you need to transmit to DRS, create a summary record to include with your detailed transactions.

Step 5—Create an Electronic File of Your Transmittal Report

Save both the detailed transactions and the summary record in a single electronic file. You may place the summary record at either the beginning or the end of the file. The EBCDIC data format must be used to report via the dataset method.

Note: The data format options DRS will accept are described on page 8—44. The formats standardize the order of the data in your report so that DRS can read your electronic file and process the transactions. Your choice will be based on the type of hardware and software you have available.

Step 6—Name Your Dataset

See Figure 25 for an example of naming your dataset using the following convention:

- The file name must begin with the following two qualifiers: INPES124.PC8600. Be sure to include a period between each qualifier.
- Begin the next qualifier with an E. The following four digits are the employer's organization number that is assigned by DRS and is part of the data sharing agreement.
- You have the option of using additional qualifiers to identify your dataset. Each qualifier can be up to eight characters, and must start with an alpha/numeric character. Separate each qualifier with a period. The total length of the name must not be more than 44 characters.

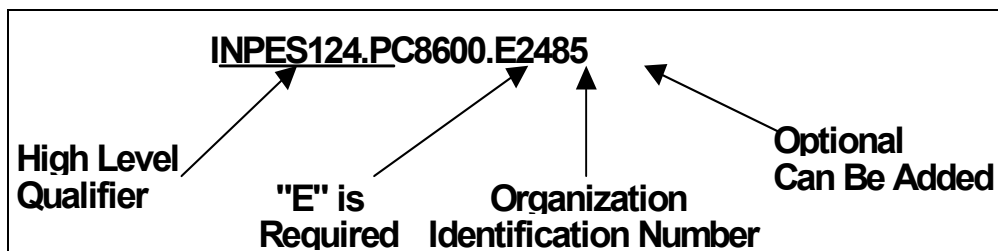


Figure 8-26

Step 7—Submit a Test Dataset to DRS

If you are changing to dataset reporting from another method, contact ESS so they can work with you to send a test file. ESS will pre-edit the test file to ensure the file can be read and the data is in the correct format. You should continue to submit the transmittal report using your current method until you are notified by ESS of a successful test. Test file names should include PC8400 (retirement reporting) or PD8003 (DCP reporting) after INPES124: INPES124.P8400.E2485.

Step 8—Begin Reporting by Dataset

Once a test is successful, you will be notified that you can begin using datasets to send transmittal reports. Each weeknight, DRS will search for datasets with appropriate file names. DRS processing begins at 5 p.m. Pacific Standard Time. DCP reports must be received by 9 a.m. Pacific Standard Time or they will be processed the following day.

Note: Employers who choose to report electronically must ensure DRS receives the DCP deferral dollars the same day as the electronic file.

Field Descriptions

Below are the descriptions of each field within the transmittal report. The fields are listed in alphabetical order. The fields that are contained in more than one record type are identified with **.

Address Change Flag

Use “Y” to update a member’s or participant’s mailing address or report “N” if you have included address information, but do not want to update the DRS member database.

Address Lines

Three fields are provided for mailing address information.

Begin Date

Use this field to report the date a member begins employment that is eligible for retirement system coverage. The begin date should only be submitted on the first transmittal report. (See the note for LEOFF members below.) To avoid reported data being rejected, the first time you report an employee who is eligible for retirement system membership, ensure a valid begin date, gender code and birth date are on the transmittal report.

Note: For LEOFF employers—This field is also used to indicate the date a LEOFF Plan 1 member begins an authorized disability leave of more than three days. It is also used to indicate the date a LEOFF Plan 1 or Plan 2 member begins leave without pay of more than three days. Status code E for Plan 1 and status code B for Plan 2 must be reported with the begin date (SRL only).

Birth Date

Use this field to provide the member’s or participant’s birth date.

City

Use this field to report the name of the city within the mailing address for the member or participant.

Compensation

In general, the salaries or wages earned by a member for personal services during a calendar month, payroll period, or fiscal year are reported as compensation. Each retirement system and plan has different requirements for reporting compensation.

Control Number

Use this field to indicate how you want DRS to sequence members' annual statements (these statements are mailed to employers for distribution to members). The Reporting Group, Control Number and the last name of a member are the three qualifiers used by DRS for sequencing the statements. The organizational display number can be used in conjunction with the control number for display purposes only. (See section on "Sequencing Information" for further information.)

Days

For TRS Plan 1 members, service is reported in days. Use this field to report the days the TRS Plan 1 member worked during the earning period being reported. Days must be reported to the nearest tenth.

Defined Benefit Member Contributions

Member contributions for members of systems and plans other than Plan 3 must be reported in this field. (Plan 3 member contributions are reported as part of the defined contribution record.)

Contributions must be the product of the following calculation:
 $\text{contributions} = (\text{compensation}) \times (\text{member contribution rate})$,
calculated to four decimal points (200.149) and rounded to two decimal points (200.02).

Refer to Chapter 6 for rate tables showing which rates apply to each earning period.

Defined Contributions/Deferrals

Use this field to report member contributions for Plan 3 members and deferrals for DCP participants. Once a member chooses Plan 3 all member contributions should be reported in Plan 3—including any contributions on earnings as a Plan 2 member.

Contributions must be the product of the following calculation:
 $\text{contributions} = (\text{compensation}) \times (\text{member contribution rate})$,
calculated to four decimal points (200.149) and rounded to two decimal points (200.02).

Refer to Chapter 6 for rate tables showing which rates apply to each earning period.

- **When to begin reporting defined contributions**

Plan 3 members can take up to 90 days to select their rate option. Because of this, member contributions may not be reported on the first monthly transmittal report. Member contributions must be deducted in the payroll

cycle the 90th day falls in or when the member selects a rate option, whichever occurs first.

Note: Employers must pay employer contributions into the defined benefit portion of Plan 3 from the first day of the employee's employment in an eligible position.

Plan 2 members who choose Plan 3 must select their rate option at the same time they choose Plan 3. This is true even if the member is on a leave of absence. The rate option and the investment program selected by the member must be reported on the same transmittal report as the transfer/choice date. This requirement allows the member's Plan 2 contributions to be forwarded to the investment program they selected.

- **What rate to use when computing defined contributions**

All defined contributions for members in Plan 3 must be calculated on the rate in effect at the time the compensation is paid. If you need to adjust contributions previously paid, base your corrections on the contribution rate in effect when the original compensation was paid.

- **When to begin reporting deferrals**

DRS will notify an employer when to begin (pay date) deferring for each employee who chooses to become a DCP participant. When a participant changes his or her deferral amount, DRS will provide the effective (first pay date) date to an employer.

Disability/Leave End Date

Use this field to report the disability/leave end date. Disability leave and other types of leave for LEOFF members must be reported if the period of leave exceeds three days.

Disability/Leave Start Date

Use this field to report the disability/leave start date. Disability leave and other types leave for LEOFF members must be reported if the period of leave exceeds three days.

Earning Period

The earning period is the year and month in which the compensation was earned. Only one earning period can be reported per transaction. Create transactions for each earning period that needs to be reported.

Eligibility End/Termination Date

Use this field to report the termination date for retirees, members and participants on the last transmittal report you expect to use for a member or participant.

- Retirement Systems

Use this field to report the date a retiree ends employment or changes his or her position status. Use this field to report the date a member ends employment that is eligible for retirement system coverage. This date may be equal to the employment termination date or an earlier date if the employee is originally hired into an eligible position and later moves into an ineligible position. This date should be on the last transmittal report you expect to use for a member.

- Deferred Compensation Program

Use this field to report the date a participant terminates employment. This includes participants who have previously suspended their deferrals.

Eligibility Start Date

- Retirement Systems

Use this field to report the date a retiree begins employment or changes his or her position status. Use this field to report the date a member begins employment that is eligible for retirement system coverage. This date may be equal to the employment start date, or a later date if the employee is originally hired into an ineligible position and later is hired into an eligible position. This date must be on the transmittal report for each retiree and member you are reporting for the first time. If you report a retiree and member without an eligibility start date, all of the information on the transmittal report will be rejected.

- Deferred Compensation Program

Use this field to report the first payday that an employee has a DCP deduction (deferral) taken from his or her compensation.

Employer Contributions

Employer contributions are due on all compensation reported for each earning period.

Contributions must be the product of the following calculation:
contributions = (compensation) x (employer contribution rate),
computed to four decimal points (200.0149) and rounded to two
decimal points (200.02).

Refer to Chapter 6 for rate tables showing which rates apply to each earning period.

End Date

Use this field to report the date a member ends employment that is eligible for retirement system coverage. The end date should only be submitted on the last transmittal report. (See the note for LEOFF members below.)

When separating a member from the transmittal report, report the end date and status code S. The year and month of the earning period on the report transaction must match the year and month of the end date.

Note: For LEOFF employers—This field is also used to indicate the end date of an authorized disability leave of more than three days for LEOFF Plan 1 members. It is used to indicate the end date for leave without pay of more than three days for LEOFF Plan 1 or Plan 2 members. Status code E for Plan 1 and status code B for Plan 2 must be reported with the end date.

Expected Monthly Reports

- Employers who are not using the multiple reporting option should always enter 01 in the Expected Monthly Reports field.
- Employers using the multiple reporting option must use the Report Version Number and Expected Monthly Reports fields to identify which report this is in the month's sequence of reports.

Example: 01 of 02 (first report of two expected reports for the month). Refer to report version number definition.

- Employers submitting a correction report should always enter 01 in the Expected Monthly Reports field.

Note: Employers who participate in DCP and have more than one pay date in a month must submit a DCP report for each payday. (DRS does not want employers who have a bi-weekly payroll system to send more than two reports in a month.)

Gender Code

Use this field to provide the member's gender. Valid values: F or M

Hours

For all retirement systems and plans except TRS Plan 1, service is reported in hours. Use this field to report the hours the member worked during the earning period being reported. Hours must be reported to the nearest tenth.

Hours or Days

Report the number of hours or days for which a member receives compensation. Hours or days must be reported to the nearest tenth.

Note: All systems except TRS Plan 1 report hours. Days should be reported for TRS Plan 1 members.

Investment Program

Fill this field with the code “WSIB” to direct member contributions to the Washington State Investment Board.

Fill this field with the code “SELF” to direct member contributions to the Self-Directed Investment Program.

Note: If a non-transferring Plan 3 member fails to select an investment program within 90 days of eligibility, your system must report “WSIB.”

Member Contributions

Member contributions are due on all compensation reported for each earning period.

Contributions must be the product of the following calculation:

contributions = (compensation) x (member contribution rate),
calculated to four decimal points (200.0149) and rounded to two
decimal points (200.02).

Refer to Chapter 6 for rate tables showing which rates apply to each earning period.

Member/Participant Name Change Flag

Use “Y” to update the member’s or participant’s name or report “N” if you have included name information, but do not want to update the DRS member database.

Member/Participant Name Extension

Use this field to provide the legal extension of the member’s or participant’s name, such as III, Sr. or Jr. Do not report extensions earned through education; i.e., Dr., DDM.

Member/Participant Name—Last/First/Middle

The name identifies the employee being reported. Three fields (Last Name, First Name, Middle Name) can be used to report the name. The middle name is not required.

Member/Participant Name Suffix

Use this field to report any additional initials or abbreviation indicating degrees earned through the educational process, such as “Ph.D.”

Member/Participant Name Title

Use this field to report a formal name or abbreviation used in front of the full name, such as “Dr.” or “Rev.”

Organization Display

Use this field in conjunction with the Control Number field for purposes of managing the distribution of annual statements. DRS displays the information in this field on the bottom of the member's annual statement.

Plan Choice

Fill this field with the 2-character code that describes the member's choice.

- 2C—New PERS Plan 2 member chooses Plan 2
- 3C—New PERS Plan 2 member chooses Plan 3
- 3D—New PERS Plan 2 member is defaulted into Plan 3
- 3X—Plan 2 member transfers into Plan 3

Plan Choice/Transfer Date

Fill this field with the date the member chooses, either Plan 2 or Plan 3, per the Member Information Form (section 2) completed by the member, or the 90th day for members who are defaulted into Plan 3.

Plan Code**

Use this field to provide the plan number of the system in which the member, participant or retiree works. Valid values: 0, 1, 2, or 3.

Rate Option

There are currently six rate options: A, B, C, D, E or F. Fill this field with the applicable value, to indicate the rate option the Plan 3 member has selected.

Note: If a non-transferring member fails to select a rate option within 90 days of eligibility, your system must report A.

- **Option B and C—coordinating rate changes with birth dates**
For members choosing options B and C, rates must increase following the 35th and 45th birthdays. If a rate change is necessary following a member birthday, you will begin using the new rate on the first of the following month.
Example: if a member who has chosen option B turns 35 on January 15, you will deduct 6 percent contributions for all reportable compensation beginning on February 1.

Record Sequence Number

The record sequence number identifies the order of transaction entries on the transmittal report. Sequence numbers must be listed in ascending order. Sequence numbers within one retirement plan cannot be duplicated.

Record Type Identifier

Each record has a unique record type identifier. If you are using a spreadsheet to create the transmittal report or the file contains rows that are not filled with transmittal report data (such as column headings), mark

them with “L” so the DRS system will not read them as data. See Figures 8-21, 8-22 and 8-23 on pages 8—46, 8—47 and 8—48.

B—to identify the Defined Benefit Record.

C—to identify the Defined Contribution Record.

E—to identify the Employment Information Record.

L—to identify rows with column headings or rows you do not want DRS to process.

M—to identify the Member Profile Record.

S—to identify the Summary Record.

T—to identify the Plan 3 Choice Record.

Report Type**

This field is used to indicate whether the report is a regular transmittal report or a correction report. Valid values: R, C.

R—Regular transmittal report

C—Correction report (Does not apply to DCP.)

You may always include correcting transactions within your regular transmittal reports. In addition, DRS will accept separate correction reports. This allows you to submit correcting transactions any time during a month. Use the Report Type field to identify the type of report you are submitting.

Report Version Number**

DRS can arrange for employers who report electronically to submit multiple regular transmittal reports for each calendar month. The Report Version Number and Expected Monthly Reports fields identify the expected number of regular transmittal reports for a specific month.

Note: To use the multiple reporting option you must make prior arrangement with DRS. For additional information, contact the ESS at (360) 664-7200 or 1-800-547-6657.

- Employers who are not using the multiple reporting option should always enter 01 in the Report Version Number field
- Employers using the multiple reporting option must use the Report Version Number to identify which transmittal report this is in the month’s sequence of reports.

Example: 01 of 02 (first report of two expected reports for the month). Refer to Expected Monthly Reports definition.

- Employers submitting a correction report should always enter 01 in the Report Version Number field. (Correction reports are given version numbers by the DRS system.)

Note: Employers who participate in DCP and have more than one pay date in a month must submit a DCP report for each payday. (DRS does not want employers who have a bi-weekly payroll system to send more than two reports in a month.)

Reporting Group Number**

This is a DRS-assigned number and is system specific. An employer who participates in multiple systems has a specific department number for each system.

- Fixed length ASCII format—The field length must be 6 characters. If the reporting group number is less than 6 characters long, add blank spaces at the end. Example: 9076 bb.

Reporting Period**

The reporting period identifies the year and month of the transmittal report. The same reporting period should be used for all entries within the report.

Social Security Number (SSN) **

The member's Social Security number must be 9 digits in length. The Social Security number entered on the transmittal report must match the number on the employee's Social Security card.

State

Use this field to report the state abbreviation within the mailing address.

Status Code

Status codes identify the status of the compensation, contributions, and hours or days being reported for a member. Only one status code can be reported per transaction. If more than one status code needs to be reported for a member, use additional transactions for each status code.

System Code**

The system code identifies the system being reported.

Taxed/Non-taxed Status

Fill this field with a "T" to indicate that member contributions are taxed. Leave the field blank if the member contributions are deferred from federal income tax.

Total Compensation

Enter the grand total (sum of the transactions within either the benefit record or defined benefit record) of member compensation for all plans reported on the transmittal report.

Total Days

Enter the grand total of days for TRS Plan 1 members reported within the Defined Benefit Record.

Total Employer Contributions

Enter the grand total (sum of the transactions within either the benefit record and/or the defined benefit record) of employer contributions for all plans reported on the transmittal report.

Total Hours

Enter the grand total of hours for all plans (except TRS Plan 1) reported within either the Defined Benefit Record.

Total Hours/Days

Enter the grand total of hours/days for all plans within the Benefit Record. For TRS employers, Plan 1 members are reported with days, Plan 2 and Plan 3 members are reported with hours. If both plans are included on a transmittal report:

1. Total the days for the Plan 1 members and separately total the hours for Plan 2 and Plan 3 members.
2. Take the Plan 1 days total, and add that figure to the Plan 2 and Plan 3 hours total. Do *not* convert days to hours or hours to days.

Note: This total is used in a balancing process to verify data transmitted in the reporting process; this total does not affect service posted to members' accounts.

Total Member Contributions/Deferrals

Enter the grand total of member contributions for all plans included in the detailed transactions on the transmittal report. Include member contributions from both the Defined Benefit Record and the Defined Contribution Record if you use the MRL. The sum of all DCP participant deferrals should be entered in this field. If you are using the SRL, the sum of all detailed transactions in the Benefit Record should be reflected in this field.

Total Records Reported

Enter the total number of detailed transactions on the transmittal report.

Transfer Date

Fill this field with the date the member is transferring from Plan 2 to Plan 3, based on the Enrollment/Transfer form completed by the member.

Type Code**

The Type Code identifies the type of employer, and in some cases, the type of work performed by the member.

Zip Code

Use this field to report the zip code within the mailing address for the member or participant.

Zip Extension

Use this field to report the zip code extension within the mailing address for the member or participant.

Edit Requirements by Field

General Information

In May 1995, the Department of Retirement Systems (DRS) implemented the Employer Information System (EIS). One result was the Single Record Layout (SRL); see page 8—39. In July 1996, the Multiple Record Layout (MRL) was created in order to process Plan 3 information (see page 8—30). MRL is required to report DCP participants as of July, 2000. The information below is provided to assist you if you choose to edit your report prior to sending it to DRS. Field definitions and other relevant information can be found in Chapter 8.

DRS Transmittal Report System Edits by Field

The information is organized by the field names on the transmittal report. The MRL and SRL are different; some fields apply only to one of the layouts. DRS hopes this information will help you incorporate enhancements in your transmittal reporting.

Address Change Flag

- Valid values : Y or N

Address Lines

- The first line must contain information
- The second and third lines are optional

Begin Date/Eligibility Start Date

- Valid values for year: 00-99
- Valid values for month: 01-12
- Valid values for day: 01-31, 01-30, 01-29, or 01-28 (depending on the month and year)
- Data must appear in this field the first time a SOCIAL SECURITY NUMBER is reported.
- BEGIN DATE YEAR and BEGIN DATE MONTH must match the EARNING PERIOD YEAR and EARNING PERIOD MONTH (SRL only).
- A BEGIN DATE is valid only if STATUS CODE is A, B, E, G, or L (SRL only).
- Data may appear in this field after the first time a SOCIAL SECURITY NUMBER is reported if SYSTEM is L and STATUS is B or E (SRL only).

Birth Date

- BIRTH DATE must appear on the first transmittal report you submit for an employee.
- Valid values for day: 01-31, 01-30, 01-29, or 01-28 (depending on the month and year)

Note: If the BIRTH DATE indicates the member is younger than 16 or older than 100 years, DRS accepts the data but issues a warning message asking if the date is correct.

City

- This field must contain a valid city whenever the member profile record is submitted.

Compensation (Does not apply to DCP Reporting)

- If COMPENSATION is reported, CONTRIBUTIONS must also be reported, with the following exceptions:
 - status code L must be reported with zero contributions.
 - For PERS Plan 2 elected officials with type codes 10-16 and 24-25 or SERS Plans 2 and 3 elected officials with Type Code 31; status code A may be reported with zero contributions if no service credit was earned that month.
 - Member Contributions are not reportable for Plan 3 members unless the member has chosen a rate option (MRL only).

Note: DRS checks its member account records to ensure the COMPENSATION reported for a member on any transmittal report will not result in a net negative balance on the member account for that particular earning period. Transactions creating a new negative balance are rejected if the earning period is three months prior to the current earning period.

If COMPENSATION is over \$10,000.00, DRS accepts the data and issues a warning message asking if the amount is correct.

Control Number (Does not apply to DCP Reporting)

- No edits

Days (Does not apply to DCP Reporting)

- DAYS are reported to the nearest tenth (24.0) for TRS Plan 1 only

- If DAYS are greater than 24 (or less than –24), DRS accepts the data and issues a warning message asking if the amount is correct.

Note: DRS checks its member account records to ensure the DAYS reported for a member on any transmittal report will not result in a net negative balance on the member account for that particular earning period. Transactions creating a net negative balance are rejected.

**Defined Benefit Member Contribution
(Does not apply to DCP Reporting)**

- Member contributions for non-Plan 3 members only.

Contributions must be the product of the following calculation:

contributions = (compensation) x (member contribution rate),
calculated to four decimal points (200.0149) and rounded to two
decimal points (200.02).

Refer to Chapter 6 for rate tables showing which rates apply to each earning period. If no contributions are to be reported, enter zeroes in this field.

Defined Contributions/Deferrals

- Plan 3 member contribution or DCP participant deferrals only.
- Must be numeric.

Disability/Leave End Date (Does not apply to DCP Reporting)

- Valid values for year: 00-99
- Valid values for month: 01-12
- Valid values for day: 01-31, 01-30, 01-29, or 01-28
(depending on the month and year)

Disability/Leave Start Date (Does not apply to DCP Reporting)

- Valid values for year: 00-99
- Valid values for month: 01-12
- Valid values for day: 01-31, 01-30, 01-29, or 01-28
(depending on the month and year)

Earning Period (Does not apply to DCP Reporting)

- A valid earning period must be present for the transaction to be processed.
- Valid values for year: 00-99
- Valid values for month: 01-12
- Earning period year must not be greater than current reporting period year (or current reporting period year +1 if the reporting month is 12).
- For system code E,
 - Plan 2, the earning period must be greater than September 1977 (> 197709);
 - Plan 3, the earning period must be greater than August 2000 (> 200008) unless the Plan 3 member transferred from Plan 2;
- For system code L,
 - Plan 1, the earning period must be greater than February 1970 (> 197002);
 - Plan 2, the earning period must be greater than September 1977 (> 197709);
- For system code J,
 - the earning period must be greater than July 1971(>197107).
- For system code P,
 - Plan 1, the earning period must be greater than September 1947 (> 194709);
 - Plan 2, the earning period must be greater than September 1977 (> 197709);
 - Plan 3, the earning period must be greater than February 2002 (>200202), (Phase 1 employer); or August 2002 (>200208), (Phase 2 employer) unless the Plan 3 member transferred from Plan 2.
- For system code S,
 - the earning period must be greater than July 1947 (> 194707).
- For system code T,
 - Plan 1, the earning period must be greater than June 1947 (> 194706), unless the Plan 3 member transferred from Plan 2.
 - Plan 2, the earning period must be greater than September 1977 (>197709);
 - Plan 3, the earning period must be greater than June 1996 (> 199606), unless the Plan 3 member transferred from Plan 2.

Note: Corrections will be accepted from October 1977 forward for PERS, TRS and SERS Plan 2 members who transferred to Plan 3.

- The earning period must be equal to or greater than the begin date for this Social Security number.
- The earning period must not be greater than the end date for this Social Security number (unless a new period of employment is beginning and a new begin date is reported).

Note: Some STATUS CODES are valid only for a certain range of EARNING PERIODS.

DRS checks to see that the EARNING PERIOD is greater than or equal to the member's entry year and month into the system as recorded on DRS's member database.

Employer Contributions (Does not apply to DCP Reporting)

- Employer contributions must be the product of this calculation:

contributions = (compensation) x (employer contribution rate),
computed to four decimal points (200.0149) and rounded to two
decimal points (200.02).

Note: The contribution rate must be correct for the SYSTEM, PLAN, and EARNING PERIOD.

End Date/Eligibility End Date

- Valid values for year: 00-99
- Valid values for month: 01-12
- Valid values for day: 01-31, 01-30, 01-29, or 01-28 (depending on the month and year)
- The END DATE must be greater than or equal to the BEGIN DATE for this employee with this employer.
- END DATE YEAR and END DATE MONTH must match the EARNING PERIOD YEAR and EARNING PERIOD MONTH (SRL only).
- If STATUS is S, an END DATE is required (SRL only).
- If SYSTEM is P, T, S, or J, END DATES are valid only if STATUS code is S (SRL only).
- If SYSTEM is L, END DATES are valid only if STATUS code is B, E, or S (SRL only).

Expected Monthly Reports

- Employers using the multiple reporting option must use the Report Version Number and Expected Monthly Reports fields to identify

this regular transmittal report in the month's sequence of reports. (DRS does not want employers who have a bi-weekly payroll system to send more than two reports in a month.)

- Employers who are not using the multiple reporting option should always enter 01 in the Expected Monthly Reports field.
- Employers submitting a correction report should always enter 01 in the Expected Monthly Reports field.

Gender Code

- Valid values: F, M
- F—Female
- M—Male
- GENDER CODE must be reported the first time you report an employee.

Hours (Does not apply to DCP Reporting)

- Hours are reported for all systems except TRS Plan 1.
- If hours are greater than 300 (or less than –300), DRS accepts the data and issues a warning message asking if the amount is correct.

Note: DRS checks its member account records to ensure the HOURS reported for a member on any transmittal report will not result in a net negative balance on the member account for that particular earning period. Transactions creating a net negative balance are rejected.

Hours or Days (Does not apply to DCP Reporting)

- HOURS or DAYS must be reported to the nearest tenth of an hour or day (for example, 133.3 hours, 160.0 hours or 20.5 days). If you do not keep track of service to the nearest tenth, include a decimal point and zero following the whole number when you report.
- If HOURS are greater than 300 (or less than –300), or if DAYS are greater than 24 (or less than –24), DRS accepts the data and issues a warning message asking if the amount is correct.

Note: DRS checks its member account records to ensure the HOURS or DAYS reported for a member on any transmittal report will not result in a net negative balance on the member account for that particular earning period. Transactions creating a net negative balance are rejected.

Investment Program (Does not apply to DCP Reporting)

- Valid values: WSIB or SELF

Member Contributions (Does not apply to DCP Reporting)

- MEMBER CONTRIBUTIONS must be the product of the following calculation:
—contributions = (compensation) x (member contribution rate),
calculated to four decimal points (200.0149) and rounded to two decimal points (200.02).

Note: The contribution rate must be correct for the SYSTEM, PLAN, and EARNING PERIOD. (Does not apply to Plan 3. The member rate in Plan 3 is not connected to a specific earning period.)

Member/Participant Name Change Flag

- Valid values: Y or N

Member/Participant Name Change Ext.

- No edits

Member/Participant Name—Last, First, Middle

- A valid NAME must be present for the transaction to be processed.
- Format: last name/comma/blank/first name/blank/middle name or initial (DOE, JOHN H). (SRL only.)
- Reported data must not be all numbers
- Middle name is optional

Note: DRS checks that the EMPLOYEE NAME matches DRS's member database for the reported SOCIAL SECURITY NUMBER.

Member/Participant Name Suffix

- No edits.

Member/Participant Name Title

- No edits

Organization Display (Does not apply to DCP Reporting)

- No edits

Plan Choice

- Valid values: 2C, 3C, 3D or 3X
2C—New PERS Plan 2 member chooses Plan 2
3C—New PERS Plan 2 member chooses Plan 3

3D—New PERS Plan 2 member is defaulted into Plan 3

3X—Plan 2 member transfers into Plan 3

Plan Choice/Transfer Date

- Valid values for year: 00-99
- Valid values for month: 01-12
- Valid values for day: 01-31
Data must appear in this field the first time a Plan 2 member is reported in Plan 3 and/or when a Plan 2 member has chosen Plan 2.
- Transfer Dates:
 - Phase 1 PERS employers—March 1, 2002—August 31, 2002, and January 1-31 of every year beyond 2002.
 - Phase 2 PERS employers—September 1, 2002—May 31, 2003, and January 1-31 of every year beyond 2003.
- For SERS: September 1, 2000,—February 28, 2001, and January 1-31 of every year beyond 2001.
- For TRS: July 1, 1996,—December 1997, and January 1-31 of every year beyond 1997.
- Plan Choice Date:
 - Must be selected within 90 days of a member's eligibility start date. (PERS Plan 2 or Plan 3)

Plan Code

- A valid plan code must be present for the transaction to be processed.
- Valid values: 0, 1, 2 or 3
 - 0—Retirees
 - 1—Plan 1
 - 2—Plan 2
 - 3—Plan 3
- PLAN 3 is valid only for SYSTEM codes E and T.
- PLAN 2 is valid only for SYSTEM codes E, L, P, and T.
- PLAN 1 is valid for all SYSTEM codes except E.

Note: DRS checks the PLAN code against the plan shown for the employee's Social Security number on DRS's member database.

Rate Option (Does not apply to DCP Reporting)

- Valid values: A, B, C, D, E and F

Record Sequence Number (Does not apply to DCP Reporting)

- A valid RECORD SEQUENCE NUMBER must be present for the transaction to be processed.

- Records must be listed in ascending RECORD SEQUENCE NUMBER order.
- For any monthly transmittal report, there must be a unique RECORD SEQUENCE NUMBER for each transaction within a PLAN.

Record Type Identifier

- Valid values: B, C, E, M ,S, T and L

Report Type

- Valid values: R or C

Report Version Number

- Valid values: 01—03 (03 is not valid for DCP reporting).
- Employers using the multiple reporting option must use the Report Version Number to identify this report in the month's sequence of reports.
- Employers who are not using the multiple reporting option should always enter 01 in the REPORT VERSION NUMBER field.
- Employers submitting a correction report should always enter 01 in the REPORT VERSION NUMBER field. (Correction reports are given version numbers by the DRS system.)

Reporting Group Number

- A valid REPORTING GROUP NUMBER must be present for the transaction to be processed.
- The REPORTING GROUP must be valid for the SYSTEM reported for this transaction.
- The following ranges of numbers are valid for each system:

JRS	0001-0003	TRS	000001-999999
PERS	0101-9999	WSPRS	S056-S057
LEOFF	A001-H999	SERS	90011-99991

Note: DRS validates the REPORTING GROUP NUMBER against DRS's database of valid reporting group numbers. DCP/JRA numbers are not reflected within consistent ranges.

Reporting Period

- Valid values for year: 00-99
- Valid values for month: 01-12
- A valid REPORTING PERIOD must be present for the transaction to be processed.
- REPORTING PERIOD YEAR must not be greater than current year.

- REPORTING PERIOD MONTH must not be greater than current month.
- REPORTING PERIOD must be one month greater than the last reported REPORTING PERIOD for this REPORTING GROUP.
- All transactions on a particular transmittal report must have the same REPORTING PERIOD regardless of EARNING PERIOD(S) reported.

Social Security Number

- A valid Social Security number must be present for the transaction to be processed.
- If a Social Security number has not appeared on the transmittal report before, the transaction must have a begin date/eligibility start date.
- A Social Security number should not appear for any earning period before the reported begin date/eligibility start date.
- Once a Social Security number has been reported, that same Social Security number must be reported each earning period until an eligibility end or employment termination date is reported.
- A Social Security number should not appear for any earning period after the reported end date, unless you report a new begin date.

Note: DRS verifies the SOCIAL SECURITY NUMBER matches the name and SOCIAL SECURITY NUMBER in the DRS's member database.

State

- Valid values are each state's letter abbreviations used for mailing.

Status Code

- A valid status code must be present for the transaction to be processed.
- The following status codes are valid for any earning period:
— A, B, E, F, G, M, N, P, R, S, T, U, V, W, X, Y.
- The following STATUS codes are valid only for restricted EARNING PERIODS:
—C code is valid only for EARNING PERIODS from September 1983 through August 1990 (198309-199008).
—D code is valid only for EARNING PERIODS prior to September 1989 (<198909).
—H code is valid only for EARNING PERIODS prior to September 1990 (< 199009).
—L code is valid only for EARNING PERIODS from January 1987 through August 1991 (198701-199108).

- Q code is valid only for EARNING PERIODS prior to January 1993 (<199301).
- The STATUS code must be valid for the SYSTEM, PLAN, and TYPE codes reported.
- A** Status code A is valid for any SYSTEM, PLAN, EARNING PERIOD, or TYPE code.
- B** For status code B the following edits apply:
 - If status is B, compensation, employee contributions, and hours/days must be zero.
- C** For status code C the following edits apply:
 - C code is valid only for school district employees (DRS verifies against REPORTING GROUP).
 - C code is valid only for SYSTEM P or E.
 - C code is valid only for EARNING PERIODS from September 1983 through August 1990 (198309-199008).
 - C code is valid only for TYPE codes 18 and 21.
- D** For status code D the following edits apply:
 - D code is valid only for higher education employees (DRS verifies against REPORTING GROUP).
 - D code is valid only for SYSTEM P.
 - D code is valid only for EARNING PERIODS prior to September 1989 (<198909).
 - D code is valid only for TYPE codes 19 and 20.
 - If STATUS is D, COMPENSATION, EMPLOYEE CONTRIBUTIONS, and HOURS/DAYS must be zero.
- E** For status code E the following edits apply:
 - E code is valid only if SYSTEM is L, and PLAN is 1.
 - If STATUS is E, COMPENSATION, EMPLOYEE CONTRIBUTIONS, and HOURS/DAYS must be zero.
- F** For status code F the following edits apply:
 - F code is valid only if SYSTEM is T.
- G** For status code G the following edits apply:
 - G code is valid only if SYSTEM is T and PLAN is 1.
- H** For status code H the following edits apply:
 - H code is valid only if SYSTEM is T.
 - H code is valid only for EARNING PERIODS prior to September 1990 (< 199009).
- L** For status code L the following edits apply:
 - L code is valid only if SYSTEM is T, L and PLAN is 2 or SYSTEM is P and PLAN is 1 or 2.
 - If STATUS is L, EMPLOYEE CONTRIBUTIONS must be zero.
 - L code is valid only for EARNING PERIODS from January 1987 through August 1991 (198701-199108).
- M** For status code M the following edits apply:
 - M code is valid only if SYSTEM is P, T, L or S.
 - If STATUS is M, HOURS/DAYS must be zero.

- N** For status code N the following edits apply:
 —N code is valid only if SYSTEM is P and PLAN is 1, or SYSTEM is T and PLAN is 1, or SYSTEM is S.
 —N code is valid only for TYPE codes 01-25, 51, 71-75, 78 and 97-99.
- P** For status code P the following edits apply:
 —P code is valid only if SYSTEM is P and PLAN is 1.
 —P code is valid only for TYPE codes 02-08, 10-16 and 98-99.
- Q** For status code Q the following edits apply:
 —Q code is valid only if SYSTEM is P, PLAN is 2, and TYPE is 10-16.
 —Q code is valid only for EARNING PERIODS prior to January 1993 (<199301).
 —If STATUS is Q, COMPENSATION may be reported without CONTRIBUTIONS.
- R** For status code R the following edits apply:
 —R code is valid only if SYSTEM is P and PLAN is 1, or SYSTEM is T and PLAN is 1.
 —R code is valid only for TYPE codes 01-25, 71-75, 78 and 97-99.
- S** For status code S the following edits apply:
 —When STATUS is S, there must be data in the END DATE field.
 —When STATUS is S, the END DATE YEAR and MONTH must match the EARNING PERIOD YEAR and MONTH.
- T** For status code T the following edits apply:
 —T code is valid only if SYSTEM is P and PLAN is 1, or SYSTEM is T and PLAN is 1, or SYSTEM is S.
 —T code is valid only for TYPE codes 01-25, 51, 71-75, and 78.
- U** For status code U the following edits apply:
 —U code is valid only if SYSTEM is P and PLAN is 1, or SYSTEM is T and PLAN is 1, or SYSTEM is S.
 —U code is valid only for TYPE codes 01-25, 51, 71-75, and 78.
- V** For status code V the following edits apply:
 —V code is valid only if SYSTEM is P and PLAN is 1, or SYSTEM is T and PLAN is 1.
 —V code is valid only for TYPE codes 01-25, 71-75, and 78.
- W** For status code W the following edits apply:
 —W code is valid only if SYSTEM is P and PLAN is 1.
 —W code is valid only for TYPE codes 02-08 and 10-16.
- X** For status code X the following edits apply:
 —X code is valid only if SYSTEM is P and PLAN is 1.
 —X code is valid only for TYPE codes 02-08 and 10-16.
- Y** For status code Y the following edits apply:
 —Y code is valid only if SYSTEM is P and PLAN is 1, or SYSTEM is T and PLAN is 1.
 Y code is valid only for TYPE codes 01-25, 71-75, and 78.

System Code

- A valid system code must be present for the transaction to be processed.
- Valid Values: D, E, J, L, P, R, S, T
D—Deferred Compensation Program (DCP)
E—School Employees' Retirement System (SERS)
J—Judicial Retirement System (JRS)
L—Law Enforcement (LEOFF)
P—Public Employees' Retirement System (PERS)
R—Judicial Retirement Account (JRA)
S—Washington State Patrol Retirement System (WSPRS)
T—Teachers' Retirement System (TRS)

Note: DRS checks that the SYSTEM code matches our record of the system for the REPORTING GROUP.

Tax/Non-tax (Does not apply to DCP Reporting)

- Valid values: T or blank

Total Compensation (Does not apply to DCP Reporting)

- Should equal the sum of all transactions for which compensation is reported

Total Days (Does not apply to DCP Reporting)

- Should equal the sum of all days for which compensation is reported

Total Employer Contributions (Does not apply to DCP Reporting)

- Should equal the sum of all employer contributions for which compensation is reported

Total Hours (Does not apply to DCP Reporting)

- Should equal the sum of all hours for which compensation is reported

Total Hours/Days (Does not apply to DCP Reporting)

- Should equal the sum of all hours/days for which compensation is reported

Total Member Contributions/Deferrals

- Should equal the sum of all member contributions for which compensation is reported or the sum of all participant deferrals

Total Records Reported

- Should equal the sum of all records reported, except the Summary Record

Type Code (Does not apply to DCP Reporting)

- A valid TYPE CODE must be present for the applicable transaction to be processed.
- The TYPE CODE must be valid for the SYSTEM and for the employee type.
- TYPE CODES valid for each SYSTEM:
 - E (SERS): valid codes are 30-34
 - P (PERS): valid codes are 01-21, 24-25
 - T (TRS): valid codes are 71-75, 78
 - (LEOFF): valid codes are 40-49
 - J (Judicial): valid code is 52
 - S (WSPRS): valid code is 51
 - D (DCP): none are required
 - R (JRA): none are required

Note: DRS validates the TYPE CODE against the reported SYSTEM and the system's record of the Employer Type.

Zip Code

- Must be numeric

Zip Extension

- Must be numeric

Manual (Paper) Reporting

Required Information

Employers, who report manually (with paper) use the “Member Earnings Transmittal Report—MRL.” This report is organized into four distinct sections: header, member information, earnings information and page/plan/system totals. The following pages provide an explanation of each of these sections. See the end of this chapter for examples of the manual report before and after it has been completed.

Note: See Chapter 11 for DCP manual (paper) transmittal reporting information.

Header Section

The header section is used to identify the reporting employer. This section contains the following fields.

Reporting Group Number

Each employer is assigned a unique number that identifies the employer and the retirement system in which the employer participates. (This number was previously called the department number.) Reporting Group numbers are either four or six characters, depending upon the retirement system being reported.

System

This field identifies the retirement system in which the employer participates. The following codes are valid:

- | | |
|---|---|
| D | Deferred Compensation Program |
| L | Law Enforcement Officers' and
Fire Fighters' Retirement System |
| P | Public Employees' Retirement System |
| T | Teachers' Retirement System |

Plan

This field identifies the retirement system plan being reported. For system codes L, the plan code can be 1 or 2. For system code P and T, the plan code can be 1, 2 or 3. For system code D, the plan code must be 1.

Reporting Period

This field identifies the month and year for which information is being reported. The reporting period is six characters formatted MMYYYY. For example, a reporting period of July 1998 is entered: 07/1998.

The reporting period printed on the report cannot be changed. The report for a given reporting period will not be processed until the report for the preceding reporting period has been processed.

Type/Version/Expected

The Report Version Number and Expected Monthly Reports fields identify the expected number of regular transmittal reports for a specific month. DRS can arrange for employers to submit multiple regular transmittal reports for each calendar month.

Employer Name

This field identifies the name of the reporting group, as it is stored in DRS's database. Contact ESS if the name preprinted on the transmittal report should be changed.

Prepared By

This field identifies the name of the individual responsible for preparing the report. Contact ESS if the name preprinted on the transmittal report should be changed.

Telephone

This field identifies the telephone number of the individual responsible for preparing the transmittal report. Contact ESS if the telephone number preprinted on the transmittal report should be changed.

Page

This field identifies the page number of the report. The last page of the report is used to record the page, plan and system totals.

Member Information

The Member Information section is used to provide basic identifying information about each individual being reported. This section contains the following fields.

Social Security Number

The employee's Social Security number must be nine digits. The Social Security number entered on the transmittal report must match the number shown on the employee's Social Security card and the number in the DRS Enrollment Record.

Name

The employee name identifies the member being reported and must be entered as follows:

Last name—followed by a comma and one space

First name—followed by one space

Middle name or initial—*not* followed by any punctuation

Example: Rosalie Marie Hart is reported: Hart, Rosalie M

Gender

This one-letter code identifies the gender of the individual being reported. A gender code is required the first time you report an eligible employee. Valid codes are:

F	Female
M	Male

Birth

The birth date identifies the month, day, and year the individual was born. A birth date is required the first time you report an eligible employee. The birth date is six characters, formatted MMDDYY. For example, March 3, 1951, is entered: 03/03/51.

Type

Type is a two-digit code, which identifies the type of employer, or the type of job performed. Certain type codes are valid for each retirement system and for the reporting group reported. (See Chapter 7, "Type Codes," for a description of the valid type codes.)

Address Lines

These fields provide mailing address information:

Address

City

State

Zip Code

Investment Program

Fill this field with the code "WSIB" to direct member contributions to the Washington State Investment Board.

Fill this field with the code “SELF” to direct member contributions to the Self-Directed Investment Program.

Note: If a non-transferring Plan 3 member fails to select an investment program within 90 days of eligibility, your system must report “WSIB.”

Rate Option

There are currently six rate options: A, B, C, D, E or F. Fill this field with the applicable value, to indicate the rate option the Plan 3 member has selected.

Note: If a non-transferring member fails to select a rate option within 90 days of eligibility, your system must report A.

- **Option B and C—coordinating rate changes with birth dates**

For members choosing options B and C, rates must increase following the 35th and 45th birthdays. If a rate change is necessary following a member birthday, you will begin using the new rate on the first of the following month.

Example: if a member who has chosen option B turns 35 on January 15, you will deduct 6 percent contributions for all reportable compensation beginning on February 1.

Plan Choice/Transfer Date

Fill this field with the date the member chooses, either Plan 2 or Plan 3, per the Member Information Form (section 2) completed by the member, or the 90th day for members who are defaulted into Plan 3.

Plan Choice

Fill this field with the 2-character code that describes the member’s choice.

- 2C—New PERS Plan 2 member chooses Plan 2
- 3C—New PERS Plan 2 member chooses Plan 3
- 3D—New PERS Plan 2 member is defaulted into Plan 3
- 3X—Plan 2 member transfers into Plan 3

Tax/Non-taxed Status (For Plan 3 Members)

Fill this field with a “T” to indicate that member contributions are taxed. Leave the field blank if the member contributions are deferred from federal income tax.

Earnings Information

The Earnings Information section is used to provide details about a member’s service, compensation and contributions. This section contains the following fields.

Earning Period

Compensation must be reported by the calendar month and year in which it is earned. Only one earning period can be entered on each line. If more than one earning period is reported for an employee, use additional lines on the report for each earning period.

The earning period must be four characters, formatted MMYT. For example, an August 1999 earning period is entered: 08/99.

Status

This one-letter code identifies the status of the compensation, contributions and/or the service being reported. Only one status code can be entered on a line. If more than one status code must be reported for an employee, use additional lines on the report for each code.

The status code entered must be valid for the system and plan in which the employee is being reported. (See Chapter 7, “Status Codes,” for a description of the valid status codes.)

Compensation

In general, the salaries or wages earned by an employee for personal services during a calendar month, payroll period or fiscal year are reported as compensation. Each retirement system and plan has different requirements for reporting compensation. See Chapter 4, “Reportable Compensation,” or contact the appropriate retirement services unit at DRS if you have questions about whether an employee’s compensation is reportable for retirement.

Member Contributions

Member contributions are due on all compensation reported for each earning period. Refer to Chapter 6 for information about calculating and reporting member contributions and for tables showing the applicable member contribution rates.

Employer Contributions

Employer contributions are due on all compensation reported for each earning period. Refer to Chapter 6 for information about calculating and reporting employer contributions and for tables showing the applicable employer contribution rates.

Hours/Days

The number of hours or days for which an employee receives compensation is referred to as the employee’s service. Service must be reported in days for TRS Plan 1 members and in hours for members of all other systems and plans. Report service to the nearest tenth of an hour or day. For example, you could report a PERS 1 member as working

160.0 hours or a TRS 1 member as working 20.0 days during a given earning period.

Note: *TRS 1 members*—If a full-time teacher works additional hours over and above the regular hours scheduled on a given day, do not report the additional time worked that day. If a full-time teacher works additional days during the school year, you should report the additional days.

Begin Date

This field is used to enter the date a member begins employment that is eligible for retirement system coverage. The begin date must be six characters, formatted MMDDYY. For example, a begin date of June 11, 1999, is entered: 06/11/99.

The first time you report an eligible employee, enter a valid begin date, gender code, and birth date on the report. The month and year of the earning period on the reporting line must match the month and year of the begin date you enter. If the employee needs to complete an Enrollment Form, make sure the begin date you enter on the report matches the date you enter on the form.

Note: *LEOFF members*—This field is used with status code E to indicate the date a LEOFF Plan 1 member begins an authorized disability leave of more than three days. The field is used with status code B to indicate the date a LEOFF Plan 1 or Plan 2 member begins leave without pay of more than three days. (See Chapter 7, “Status Codes,” for details about reporting with status codes E and B.)

End Date

This field is used to enter the date a member ends employment that is eligible for retirement system coverage. The end date must be six characters in length, formatted MMDDYY. For example, an end date of July 31, 1998, is entered: 07/31/98.

When separating an employee from the report, enter a valid end date and status code S. Make sure the month and year of the earning period on the reporting line matches the month and year of the end date entered.

Note: *LEOFF members*—This field is used with status code E to indicate the date a LEOFF Plan 1 member ends an authorized disability leave of more than three days. The field is used with status code B to indicate the date a LEOFF Plan 1 or Plan 2 member ends leave without pay of more than three days. (See Chapter 7, “Status Codes,” for details about reporting with status codes E and B.)

Page, Plan, and System Totals

The Page, Plan and System Totals section is used to indicate the total compensation, contributions and service being reported. This section contains the following fields.

Page Totals

These fields are used to enter the total amounts of compensation, member contributions, employer contributions, and hours/days reported on a given page of the report.

Plan Totals

These fields are used to enter the total amounts of compensation, member contributions, employer contributions, and hours/days reported for a given retirement system plan. If multiple pages are used to report members of a retirement plan, enter the plan totals on the last page used to report members of that plan.

System Totals

These fields are used to enter the total amounts of compensation, member contributions, employer contributions, and hours/days reported for a given retirement system. If multiple pages are used to report members of a retirement system, enter the system totals on the last page used to report members of that system.

Procedures for Manual (Paper) Reporting

The following pages describe some common procedures for transmittal reporting using the “Member Earnings Transmittal Report—MRL.” For additional details about these procedures or for information about procedures not covered on these pages, please contact ESS.

General Procedures

When working with this report:

- Check to see if the information you last reported for an employee is still correct. If it is, you do not need to change it for the current month.
- Make changes or enter new information, using red ink. Red ink is easier for ESS personnel to see and helps ensure that changes are entered correctly when your transmittal report is processed.
- Change data in the Member Information section by crossing out the incorrect information. Using red ink, write the correct information next to the information you are changing.
- Change data in the Earnings Information section by crossing out the incorrect information and using the open line below it to enter the correction.

- Use the open lines to enter additional records for a current employee or enter information at the end of the report for a new employee.
- Adjust the page and plan totals as necessary; after you have made your changes adjust the system total.
- Review the contact information in the header. If your contact name or telephone number has changed, inform DRS. Use the address change area of the banner page to notify DRS of changes in your transmittal report address.
- Make a copy of the transmittal report for your records and send the complete form to ESS by the 15th of each month.

Adding an Employee to the Report

When you hire a new employee who is eligible for retirement system coverage or when an existing employee becomes eligible for retirement coverage, you must begin reporting the employee to DRS.

Before adding an employee

- Verify the employee's plan assignment. The correct plan assignment is critical to ensure accurate transmittal reporting. Contact the appropriate retirement services unit (PERS, LEOFF) at DRS for assistance with verifying plan assignments.
- Determine if the employee needs to complete an Enrollment Form. If necessary, have the employee complete the appropriate sections then complete the employer information and send the form to DRS. (See Chapter 12 for an example of the Enrollment Form.)
- Determine the correct earning month for reporting the employee. If an employee first earned compensation in March, you would begin reporting the employee with a March earning period and begin date. The employee could be added to either the March or April report depending upon your payroll cycle. (See the section called "Transmittal Reporting to DRS" in this chapter for information about payroll cycles.)

Reporting a new employee:

On a blank line of the report, provide information about the employee in each of the following fields:

- Social Security Number
- Name
- Gender

- Birth
- Type
- Address
- City
- State
- Zip Code
- Investment Program
- Rate Option
- Tax Status
- Choice/Transfer Date
- Plan Choice
- Earning Period
- Status
- Compensation
- Member Contributions
- Employer Contributions
- Hours/Days
- Begin Date

To avoid an error, verify that you have entered a gender code, birth date, and begin date for the employee, and the reported begin date falls within the month and year of the reported earning period.

Washington State Department of Retirement Systems										Member Earnings Transmittal Report-MRL										
Rpt Grp	Syst/Plan	Rpt Per/Type/Ver/Expt	Employer Name				Prepared by				Telephone				Page					
1234	P	1	01/2001	R	01/01	Example, City of				Dawn Riley				(360) 123-4567				1		
Member Information						Earnings Information														
						Earning Period		Status	Compensation		Member Contributions		Employer (DB) Contributions		Hour/ Days		Begin Date		End Date	
SSN: 123 45 6789 Name: Doe, Jane						01	02	A	4953	00	297	18	231	31	170	0	12	15	01	
Gender: F Birth: 12/12/40 Type: 03 Name Chg: Y or N																				
Address: Add Chg: Y or N																				
City State: Zip:																				
Investment Program Rate Option: Tax Status:																				
Choice/Transfer Date: Plan Choice:																				

Figure 8-27

Make adjustments necessary to the page, plan, and system totals.

Changing Member Information

Most information in the Member Information section will remain the same each month. If it changes; e.g., the address, you will need to correct it. If an employee changes names, he or she will need to complete a Name/Address Change Form and send it to DRS. When the change has been made, it will be reflected on the next report you receive.

Changing Earnings Information

Information in the Earnings Information section will often change each month. To change the preprinted information, use the blank area beneath each field.

Changing compensation and contributions:

Cross out the amounts shown in the Compensation, Member contributions, and Employer Contributions fields.

Enter the correct amounts in the blank area provided beneath each field.

Washington State Department of Retirement Systems										Member Earnings Transmittal Report-MRL										
Rpt Grp	Syst/Plan	Rpt Per/Type/Ver/Expt	Employer Name				Prepared by				Telephone				Page					
1234	P	1	01/2001	R	01/01	Example, City of				Dawn Riley				(360) 123-4567				1		
Member Information						Earnings Information														
						Earning Period	Status	Compensation	Member Contributions		Employer (DB) Contributions		Hour/ Days	Begin Date		End Date				
SSN: 123 45 6789 Name: Doe, Jane						01	02	A	4953	00	297	48	87	66	170	0				
Gender: F Birth: 12/12/40 Type: 03 Name Chg: Y or N									4600	00	276	00	81	42						
Address: Add Chg: Y or N																				
City State: Zip:																				
Investment Program Rate Option: Tax Status:																				
Choice/Transfer Date: Plan Choice:																				

Figure 8-28

Make any adjustments necessary to the page, plan, and system totals.

Adjusting Page, Plan and System Totals

If you change an employee's reported compensation, contributions, or hours/days of service, you must adjust the page, plan and system totals. Page totals must be entered on each page of the report. Plan totals must be entered on the last page of information for a given retirement plan. System totals must be entered on the last page of information for a given retirement system.

Changing page, plan and system totals

On each page of the transmittal report, add together the amounts reported in the Compensation, Member Contributions, Employer Contributions, and Hours/Days columns. Cross out the page total shown for each column and enter the corrected amount.

Washington State Department of Retirement Systems										Member Earnings Transmittal Report-MRL									
Rpt Grp	Syst/Plan	Rpt Per/Type/Ver/Expt	Employer Name				Prepared by				Telephone				Page				
1234	P	1	01/2001	R	01/01	Example, City of				Dawn Riley				(360) 123-4567				1	
Member Information						Earnings Information													
						Earning Period	Status	Compensation	Member Contributions		Employer Contributions		Hour/ Days	Begin Date		End Date		Seq No.	
Page Total						25644	00	1302	72	1054	07	1400	0						
						27484	00	1278	01	2061	30	1528	0						

Figure 8-29

On the last page of information reported for each plan, add together the separate page totals reported, cross out the plan total shown for each column, and enter the corrected amount.

Washington State Department of Retirement Systems										Member Earnings Transmittal Report - MRL													
Rpt Grp		Syst/Plan		Rpt Per/Type/Ver/Expt		Employer Name				Prepared by				Telephone				Page					
1234		P 1		01/2001 R 01/01		Example, City of				Dawn Riley				(360) 123-4567				1					
Member Information						Earnings Information																	
						Earning Period		Status		Compensation		Member Contributions		Employer Contributions		Hour/ Days		Begin Date		End Date			
						Page Total				25644	00	1302	72	1054	07	1400	0						
										27484	00	1278	01	2061	30	1528	0						
						Plan Total				61200	00	2605	00	9000	14	2046	0						
										54968	00	2556	01	4122	60	3056	0						

Figure 8-30

On the last page of the transmittal report, add together the separate plan totals reported, cross out the system total shown for each column, and enter the corrected amount.

Washington State Department of Retirement Systems										Member Earnings Transmittal Report - MRL											
Rpt Grp		Syst/Plan		Rpt Per/Type/Ver/Expt		Employer Name				Prepared by				Telephone				Page			
1234		P 1		01/2001 R 01/01		Example, City of				Dawn Riley				(360) 123-4567				1			
Member Information						Earnings Information															
						Earning Period		Status		Compensation		Member Contributions		Employer Contributions		Hour/ Days		Begin Date		End Date	
						Page Total				26644 00		1302 72		1054 07		1400 0					
										27484 00		1278 01		2061 30		1528 0					
						Plan Total				61200 00		2605 00		9000 14		2016 0					
										54968 00		2556 01		4122 60		3056 0					
						System Total				70992 00		9000 16		5862 21		4224 0					
										82452 00		3834 02		6183 90		4584 0					

Figure 8-31

Separating an Employee

When an employee is no longer eligible for membership in a retirement system, you need to stop reporting him or her to DRS. You can use the transmittal report to separate the employee; if you don't want to wait until the transmittal report is due, you can submit a correction report at any time during the month.

Separating an employee on the transmittal report:

In the Status field, enter status code S.

In the Compensation, Member Contributions, Employer Contributions, and Hours/Days fields, cross out any incorrect amounts and enter the necessary corrections.

In the End Date field, enter the employee's last date of eligible employment. (Make sure the month and year of the end date you enter falls within the month and year of the reported earning period for this line.)

Chapter 8: Transmittal Reporting

Washington State Department of Retirement Systems										Member Earnings Transmittal Report-MRL															
Rpt Grp		Syst/Plan		Rpt Per/Type/Ver/Expt		Employer Name				Prepared by				Telephone				Page							
1234		P 1		01/2001 R 01/01		Example, City of				Dawn Riley				(360) 123-4567				1							
Member Information										Earnings Information															
										Earning Period		Status		Compensation		Member Contributions		Employer (DB) Contributions		Hour/ Days		Begin Date		End Date	
SSN: 123 45 6789 Name: Doe, Jane										01	02	A	4953	00	297	48	87	66	170	0	12	15	01		
Gender: F		Birth: 12/12/40		Type: 03		Name Chg: Y or N						4600	00	276	00	81	42								
Address:						Add Chg: Y or N																			
City		State:		Zip:																					
Investment Program				Rate Option:		Tax Status:																			
Choice/Transfer Date:				Plan Choice:																					

Figure 8-32

Note: Use additional lines to report any leave cashouts for eligible PERS Plan 1 employees. (See Chapter 7, “Using Cash Out Codes,” for details about reporting leave cashouts.)

Make any adjustments necessary to the page, plan, and system totals.

Washington State Department of Retirement Systems

Member Earnings Transmittal Report-MRL

Rpt Group	Sys/Plan	Rpt Per	Type	Ver/Expt	Employer Name	Prepared By	Telephone Number	Page				
2341	P 2	09/2001	R	02/02	Modernity, City of	Garvey, Mickey	(206) 841-8759	1				
Member Information					Earnings Information							
					Earning Period	Status	Compensation	Member Contributions	Employer (DB)	Hours/ Days	Begin Date	End Date
SSN:569 40 0062 Name:Paul, Becky					09 2001	A	3182 00	147 96	238 65	176 0		
Gender: F Birth: 09/19/1944 Type: 03												
Address 7700 100 th S												
City: Auburn State:WA Zip:98373												
Investment Program: Rate Option: Tax Status:												
Choice/Transfer Date: Plan Choice:												
SSN: 534 60 0473 Name:Pater, Jeri M.					09 2001	A	1991 00	92 58	149 32	176 0		
Gender:F Birth:11 10 1954 Type:												
Address 1081 44 th ST E												
City: Tacoma State:WA Zip:98406												
Investment Program: Rate Option: Tax Status:												
Choice/Transfer Date: Plan Choice:												
SSN:534 86 7754 Name:Satori, Diane					09 2001	A	2985 00	138 80	223 87	176 0		
Gender: F Birth: 01 15 1952 Type:												
Address PO BOX 1307/												
City: Auburn State: WA Zip: 98406												
Investment Program: Rate Option: Tax Status:												
Choice/Transfer Date: Plan Choice:												
Instructions: 1. Verify information in shaded areas. 2. To make necessary changes, cross out preprinted data and enter changes in blank fields. 3. Copy completed report for your records.					Page Total		8158 00	379 34	611 84		Mail this form to: Department of Retirement Systems Employer Support Services PO box 48380 Olympia, WA 98504-8380	
					Plan Total		8158 00	379 34	611 84			
					System Total		815 00	378 34	611 84			

Washington State Department of Retirement Systems

Member Earnings Transmittal Report-MRL

Rpt Group	Sys/Plan	Rpt Per	Type	Ver/Expt	Employer Name	Prepared By	Telephone Number	Page				
2341	P 2	09/2001	R	02/02	Modernity, City of	Garvey, Mickey	(206) 841-8759	1				
Member Information					Earnings Information							
					Earning Period	Status	Compensation	Member Contributions	Employer (DB)	Hours/ Days	Begin Date	End Date
SSN:569 40 0062 Name:Paul, Becky					09 2001	A	3182 00	28 00	56 32	176 0		
Gender: F Birth: 09/19/1944 Type: 03												
Address: 7700 100 th ST E							3245 00	25 56	57 44			
City: Auburn State:WA Zip:98373-1234												
Investment Program: Rate Option: Tax Status:												
Choice/Transfer Date: Plan Choice:												
SSN: 534 60 Name:Pater, Jeri M.					09 2001	A	1991 00	17 52	35 24	176 0		
Gender:F Birth:11 10 1954 Type: 03												
Address: 1081 44 th ST E												
City: Tacoma State:WA Zip:98406												
Investment Program: Rate Option: Tax Status:												
Choice/Transfer Date: Plan Choice:												
SSN:534 86 775 Name:Satori, Diane					09 2001	A	2985 00	26 26	52 83	176 0		
Gender: F Birth: Type:												
Address: PO BOX 1307							3100 00	27 28	54 87			
City: Auburn State: WA Zip: 98406												
Investment Program: Rate Option: Tax Status:												
Choice/Transfer Date: Plan Choice:												
Instructions: 1. Verify information in shaded areas. 2. To make necessary changes, cross out preprinted data and enter changes in blank fields. 3. Copy completed report for your records.					Page Total		8458 8336 00	148 73 36	611 147 55		Mail this form to: Department of Retirement Systems Employer Support Services PO box 48380 Olympia, WA 98504-8380	
					Plan Total		8458 8336 00	148 73 36	611 147 55			
					System Total		8458 8336 00	148 73 36	611 147 55			

Sequencing Information

How to Determine Sequencing

The sequence control number determines sequencing. DRS will print your reporting group's annual statements in ascending sequence by this control number. Transactions with duplicate control numbers or no control numbers will be sorted alphabetically by last names. Following are the specifications for member's annual statements.

Specifications for Members' Annual Statements Employee Control Number Sequence

When you provide the Department of Retirement Systems (DRS) with either a magnetic tape or a diskette containing a control number for each member, DRS will list your reporting group's annual statements in ascending sequence by this control number. In the case of duplicate control numbers, minor sort sequence will be alphabetic by last name. The control number will be printed on the bottom of the annual statement. Please see the examples on the following pages.

Using Magnetic Tape

If you choose to use magnetic tape, the tape must meet the following specifications:

1. Tape must be IBM 360/370 compatible.
2. Tape must be nine-track 1600 or 6250 BPI, EBCDIC.
3. External labels should indicate:
 - ~ Employer name
 - ~ Employer reporting group number (department number)
 - ~ "Member Annual Statements Information"
 - ~ Whether or not the tape contains machine-readable labels
4. If the tape has machine-readable labels, they must be followed by a tape mark.
5. Logical record length: 80 characters
6. Blocking factor: Five records per block
7. Physical block length: 400 characters
8. Record positions;
 - 01 — 06 Employer reporting group number (department number)
 - 07 — 15 Member's Social Security number
 - 16 — 21 Employer's special control number

- 22 — 27 Organization information — optional (for display only)
- 28 — 80 Blank

Using a Diskette

If you choose to use diskette, the diskette must meet the following specifications:

1. 3½" diskette
2. External labels should indicate:
 - ~ Employer name
 - ~ Employer reporting group number (department number)
 - ~ "Member Annual Statements Information"
 - ~ File name
3. File name format: DN999999 (DN and your employer reporting group number)

Note: Please be sure the file name is included. Diskettes with incorrect file names will be returned for correction.

4. Record length: 80 characters
5. IBM compatible text file (ASCII TEXT)
6. Record positions:
 - 01 — 06 Employer reporting group number (department number)
 - 07 — 15 Member's Social Security number
 - 16 — 21 Employer's special control number
 - 22 — 27 Organization information — optional (for display only)
 - 28 — 80 Blank

The following examples illustrate how you might configure your magnetic tape or diskette, and explain what the resulting sequence of your statements will be.

Example 1: In the following example, the employer sequenced the information by an optional organization code and then assigned unique control numbers. The control numbers and the optional, display-only organization code will appear at the bottom of the member's statements. DRS simply prints the statements in control number sequence.

Reporting Grp. #	SSN	Control #	Org. Code
901052	666000000	000001	02
901052	666001111	000002	02
901052	666002222	000003	02
901052	666003333	000004	02
901052	666004444	000005	03
901052	666005555	000006	03
901052	666006666	000007	04
901052	666007777	000008	04
901052	666008888	000009	04

Example 2: The following information was sequenced with duplicating control numbers. DRS will alphabetically sort items with the same control number by last name before printing the statements.

Reporting Grp. #	SSN	Control #	Org. Code
710545	666009999	1A	none specified
710545	666008888	1A	
710545	666007777	1A	
710545	666006666	1A	
710545	666005555	2	
710545	666004444	2	
710545	666003333	2	

Example 3: The following information was sequenced in terminal digit SSN order, with unique control numbers assigned to each member. DRS will simply print the statements in control number sequence.

Reporting Grp.	#SSN	Control #	Org. Code
506250	666001111	000001	none specified
506250	666002222	000002	
506250	666003333	000003	
506250	666004444	000004	
506250	666005555	000005	
506250	666006666	000006	
506250	666007777	000007	

Note: If you have employees who are not listed on the tape or diskette and statements are printed for those employees, they will be given a control number of “000000.” Those statements will be at the top of the stack of statements in alphabetic sequence by last name.

Diskettes **will be returned for correction** if they contain incorrect file names, are not in an IBM compatible text format (ASCII TEXT), or if the data is incorrectly formatted within the file.

Reviewing your file prior to sending it to DRS may help you to avoid incorrect information being sent to DRS that may delay the sequencing process. You can review your file in a DOS text editor to make sure it is in the correct format. For Windows users, you may also review your file in Notepad or a word processor such as WordPerfect or Microsoft Word. Your file should resemble the following using the previous examples.

Correctly Formatted**Example 1:**

9010525666000000000102
90105256660011110000202
90105246660022220000302
90105226660033330000402
90105256660044440000503
90105256660055550000603
90105236660066660000704
90105216660077770000804
90105276660088880000904

Example 2:

7105456660088881A
7105456660099991A
7105456660077771A
710545666006666A
7105456660055552
7105456660044442
7105456660033332

Example 3:

506250560000067000001
506250519700004000002
506250482000001000003
5062504290000086000004
506250398000004000005
506250370000001000006
506250915000047000007
506250640000188000008

Incorrectly Formatted

90105299992945400000102
901000000000238600000202
901059999108600000302
90105200006646600000402
901099999999238600000503
901088888945400000603
90100000445218600000704
90105277777945400000804
90105666660238600000904

Example 1:

901052566665400000102	90105251970555500000202
90105240000008600000302	
90105228999946600000402	90105256666666600000503
90105299999945400000603	
9010588888888600000704	90106666662945400000804
90166666660238600000904	

Example 2:

**WASHINGTON STATE
DEPARTMENT OF RETIREMENT SYSTEMS**

MEMBERS' ANNUAL STATEMENTS SEQUENCE REQUEST

Note: To have members' annual statements run in employee control number sequence, you must provide all the information requested before DRS can process your request.

Employer Name: _____

Phone No.: (_____) _____

Contact Name: _____

To run member statements in employee control number sequence, the tape or diskette must meet the attached specifications and reach DRS by late January of the current year.

— Tape information:

Tape ID Number _____

_____ 1600 BPI or _____ 6250 BPI

_____ Labeled or _____ Non-labeled

— Diskette

Mail this form and the tape or diskette by late January of the current year, to the following address:

ATTN: Employer Support Services
State of Washington
Department of Retirement Systems
P.O. Box 48380
Olympia, WA 98504-8380

Chapter 9: Transmittal Edit Reports

Chapter Overview

This chapter provides information about the edit report generated when your monthly transmittal is processed by DRS. It also provides information about how you should respond if you receive edit messages. Refer to this chapter for details about:

- Understanding how DRS edits transmittal data
- Using the transmittal edit report
- Using the transmittal correction report

See Chapters 7 and 8 for instructions on how to complete your monthly transmittal report. Refer to Chapter 10 for information about the DRS Statement of Account Activity and reconciling your account.

Understanding How DRS Edits Transmittal Data

The information you submit on your transmittal report is edited for accuracy when processed by DRS. This edit process verifies the information is valid before it is stored in the DRS database. If an error is discovered during the edit process, the transaction in error may be rejected, corrected, or left as is. After the transmittal report has been processed, a transmittal edit report is sent back to you to show the errors found and the actions taken. If there are no errors, a transmittal edit report is not produced.

You may choose to have automated system corrections rejected, rather than having them automatically corrected by DRS. You must make prior arrangement with DRS to select this option. Contact ESS for additional information.

Types of Errors

DRS groups errors into categories based on the system response to the reported transaction. The following summarizes these categories.

Warnings

The system cannot determine whether the data reported is correct or not, but it may be questionable. The system processes the transaction as reported, but generates an edit message to notify the employer to review the data and determine if it is correct.

Example: Over 300.0 hours of service are reported for a given earning period.

Information Changed

The system can determine a transaction is in error and what the correct transaction should be. The system corrects the data and the transaction is processed.

Example: A Plan 1 member is reported in Plan 2. The system corrects and transfers the adjusted data to Plan 1.

Example: The member and employer contributions reported for a member are not correct based on the reported compensation. For nontaxed employers, the system uses the reported compensation and recalculates contributions based on the appropriate rates for the earning period being reported.

Rejected Transactions

The system can determine the transaction is in error, but there is not enough information for the system to determine what is correct. The transaction is rejected for the employer to analyze. The data is not processed and the contributions are not added to, or subtracted from, the member's account or invoiced to the employer's account. If appropriate, the employer should submit a correcting transaction as soon as possible.

Example: A transaction for a new employee is reported without a begin date.

Example: A member is reported with an earning period outside the member's enrollment period.

Note: If compensation and the associated contributions are changed or rejected, the amount of the change will be reflected on your Statement of Account Activity.

Days Late

The monthly transmittal report must be received at DRS by the 15th of the month to ensure member account information is updated and interest is applied in a timely manner. Three business days are allowed for postal delivery. DRS charges the employer for late reporting if the monthly transmittal is not received by the third business day after the 15th. DRS applies a fixed fee for each day a report is late.

Example: A monthly transmittal for June 1999 (due July 15) is received on July 25. DRS allows three business days (until the 20th) to receive the report, then charges the employer a penalty for five days of late reporting (the 21st to the 25th). The current late penalty charge is \$5 per day.

Deficiency Charges

State law permits DRS to assess an additional fee to employers for late or inaccurate reporting (RCW 41.50.110(5)). At this time, deficiency charges are not applied for inaccurate reporting; i.e., rejected transactions, warnings, or system-corrected errors. However, a penalty assessment fee is applied for late reporting.

If you have questions about a deficiency charge or penalty assessment applied to your reporting, please contact ESS.

Using the Transmittal Edit Report

The DRS transmittal system uses a single edit report to provide information to you about your reporting. The edit report lets you know if information has not been reported, if information has been reported incorrectly, or if information you have reported has been rejected.

The edit report consists of a banner page and two report sections. The report sections are Transmittal Edit Messages and Transmittal Reconciliation Information.

You will only receive an edit report if your transmittal report has errors. You will only receive those sections of the report that apply to those errors. The following pages provide information about the banner page and each section of the edit report.

Banner Page

The edit report has a cover sheet called the banner page. This page is primarily used to identify the employer receiving the edit report.

The banner page also provides information such as:

- the address for mailing transmittal reports;
- the address for mailing payments;
- a message area; and
- a telephone number to call for assistance.

A sample of the banner page is shown on the following page.

Sample: Banner Page

<p align="center">WASHINGTON STATE DEPARTMENT OF RETIREMENT SYSTEMS</p> <p align="center">PO Box 48380 Olympia Washington 98504-8380</p>	
<p>Employer Information</p> <p>Reporting Group (Department) No: 5000 Retirement System: PERS Employer Organization Number : 3123</p>	
<p>PAYROLL OFFICER MODERNITY, CITY OF P.O. BOX 754 MODERNITY, WA 99999</p>	<p>Make address : changes here : and return to DRS :</p>
<p>DRS Addresses</p> <p>* Mail transmittal reports to: Department of Retirement Systems PO Box 48380 Olympia, WA 98504-48380</p> <p>* Mail payments to: Department of Retirement Systems PO Box 9018 Olympia WA 98507-9018</p>	
<p align="center">***** Is some of your information being rejected? *****</p> <p>TRS and SERS Plan 2 members can transfer to Plan 3 during the month of January only. Please encourage PERS Plan 2 members to read all Plan 3 literature provided by DRS. Plan 3 transfer window for members of state agencies and higher education employers begins March 2002. PERS Plan 3 transfer window for all other PERS employers begins September 2002. DRS encourages employers to call the phone number below whenever you have a question on what to report or how to report a member to DRS. Please refer to DRS Notice 01-003 dated April 24, 2001.</p>	
<p>Questions?</p> <p>For more information about transmittal reporting, see your DRS Employer Handbook.</p> <p>For transmittal reporting questions, call Employer Support Services at (360) 664-7200. Or our 800 number: 1 (800) 547-6657</p>	

Transmittal Edit Messages

The Transmittal Edit Messages section of the edit report provides information about each edit performed on a given transaction. The transaction is first displayed exactly as it was reported to DRS. Following the reported transaction are the edit messages relating to the transaction. The messages are grouped together and identified by type of error.

Edit messages may show as rejects, warnings or information changed. Each edit performed on a transaction provides an explanatory message so you can understand what has happened to the information you reported.

Samples of the transmittal edit messages using the MRL and SRL are shown on the following pages.

Sample: Multiple Record Layout Transmittal Edit Messages

PROGRAM: P33ER124		Washington State Department of Retirement Systems		Page No: 1
Run Date : 04/11/02		TRANSMITTAL EDIT MESSAGES		Reporting Period: 03/02
				Version: R01
Reporting Group (Dept.) No: 5000		Modernity, City of		System: P Plan 2
223-16-8888	PERRY, JAMES			
Defined Benefit :	Earn Per: 200203	Compen: 883.12	Mrb Contr: 7.77	Empl'yr Contr: 15.63
	Status: A	Type Code: 03	Hours: 56.0	Days: 0
Info changed:	Wrong plan reported. DRS transferred data from incorrect Plan 2 to correct Plan 1.			
Info changed:	Member contributions are invalid based on contribution rates for Plan 1 (6%). DRS changed member contributions from \$7.77 to \$52.99. Net change was \$11.92.			
443-56-8888	ISAACS, KEN			
Defined Benefit:	Earn Per: 200203	Compen: 351.18-	Mbr contr: 3.09-	Employr Contr: 6.21-
	Status: A	Type Code: 03	Hours: 22.4-	Days: 0
Rejected:	The sum of the transactions on this report would create a negative balance of hours or days for the earning period being reported. Resubmit with the correct information.			
533-30-8888	JONES, MARCUS T			
Defined Benefit:	Earn Per: 200203	Compen:	Mbr contr:	Employr Contr:
	Status: A	Type Code:	Hours:	Days: 0
Warning:	Information was not reported for this member. Information was last received for the 03/99 reporting period. Please submit the necessary information.			
612-04-8888	KELLY, LANCE			
Employment Info:	Type Code: 03	Employment Dates—Start:	End: 19990401	
	Leave—Start	End:	Control No:	Org No:
Warning:	Separation transaction processed for this SSN. Information is missing for the following earning periods. Please submit the necessary information as soon as possible. 01/99 02/99			
435-90-8888	LARSEN, HENRY			
Defined Benefit:	Earn Per: 200203	Compen: 1866.24	Mbr Contr: 16.42	Empl Contr: 33.03
	Status: A	Type Code: 30	Hours: 144.0	Days: 0
Rejected:	Invalid type code.			

Sample: Single Record Layout Transmittal Edit Messages

PROGRAM: P33ER124		Washington State Department of Retirement Systems					Page No: 1	
Run Date : 04/11/02		TRANSMITTAL EDIT MESSAGES					Reporting Period: 03/02	
							Version: R01	
Reporting Group (Dept.) No: 5000			Modernity, City of			System: P		Plan 2
Soc Sec Num	Name	Earning Period	Type	Status	Comp	Contributions Member	Employer	Hrs/ Days
223-16-8888	PERRY, JAMES	03/02	03	A	883.12	7.77	15.63	56.0
Info changed:		Wrong plan reported. DRS transferred data from incorrect Plan 2 to correct Plan 1. Member contributions are invalid based on contribution rates for Plan 1 (6%). DRS changed member contributions from \$41.07 to \$52.99. Net change was \$11.92.						
443-56-8888	ISAACS, KEN	03/02	03	A	351.18-	3.09-	6.21-	22.4-
Rejected:		The sum of the transactions on this report would create a negative balance of hours or days for the earning period being reported. Resubmit with the correct information.						
533-30-8888	JONES, MARCUS	03/02						
Warning:		Information was not reported for this member. Information was last received for the 03/99 reporting period. Please submit the necessary information.						
612-04-8888	KELLY, LANCE	03/02	08	A	8280.77	72.87	621.05	369.5
Warning:		Reported number of Hours is greater than 300.00 (or less than –300.0). Please verify and correct if necessary.						
435-90-8888	LARSEN, HENRY	04/99	30	A	1866.24	86.78	139.97	0
Rejected		Invalid type code.						

Members with 90 Days to Choose Plan

You will receive this section of the edit report only when you have reported new members in PERS. The report is generated when new members are reported who have 90 days to make a plan choice between PERS Plan 2 or PERS Plan 3.

A sample of the Members with 90 Days to Choose Plan. report is shown on the following page.

Sample: Members with 90 Days to Choose Plan Report

PROGRAM: P33ER124		Washington State Department of Retirement Systems		Page No: 1	
Run Date : 04/11/02		MEMBERS WITH 90 DAYS TO CHOOSE PLAN		Reporting Period: 03/02	
				Version: R01	
Reporting Group (Dept.) No: 5000		Modernity, City of		System: P Plan 2	
Soc Sec Num	Name	Begin Date	90 Day Calendar Date		

123-45-6789	PERRY, JANE	03/01/2002	05/29/2002		

Transmittal Reconciliation Information

The Transmittal Reconciliation Information section of the edit report helps you track the effect that transmittal processing has on contributions due to DRS. The report shows the amount you reported as the total for compensation and contributions, the total amount of any recalculations or adjustments made by the system after processing the transmittal, the total amount of compensation and contributions rejected and the net difference.

You will receive this section of the edit report only when transmittal processing results in recalculations or rejections. You can use this section of the edit report to evaluate the impact of these recalculations or rejected transactions on your account balance so you can respond appropriately.

A sample of the Transmittal Reconciliation Information section is shown on the following page.

Sample: Transmittal Reconciliation Information

Program : P33ER124		Washington State Department of Retirement Systems			Page No: 1	
Run Date: 04/11/02		TRANSMITTAL RECONCILIATION INFORMATION			Reporting Period: 03/02	
					Version: R01	
Reporting Group (Dept.) 5000		MODERNITY, CITY OF				
=====	Total	Recalculated/				
PERS PLAN 1	Reported	Adjusted/	Rejected	Processed		
=====	by Employer	by DRS	by DRS	by DRS		
Compensation	6,850.66	883.12		.00	7,733.78	
	=====	=====	=====	=====	=====	Net
						Difference
Contributions						
Member	411.04	52.99	.00	464.03		52.99
Employer	121.26	15.63	.00	136.89		15.63
	-----	+	-----	+	-----	-----
Total	532.30		68.62		.00	=
					600.92	68.62*
						=====
=====	Total	Recalculated/				
PERS PLAN 2	Reported	Adjusted/	Rejected	Processed		
=====	By Employer	By DRS	By DRS	By DRS		
Compensation	52,026.01	883.12-	1,515.06-	49,627.83		
	=====	=====	=====	=====	=====	Net
						Difference
Contributions						
Member	457.03	7.77-	13.33-	436.73		21.10-
Employer	920.86	15.63-	26.82-	878.41		42.45-
	-----	+	-----	+	-----	-----
Total	1378.69		23.40-		40.15-	=
					1315.14	63.55-*
						=====
*On your DRS Statement of Account Activity, the Contribution Transmittal (CT) invoice or the Transmittal Invoice amount will be equal to the total in the "Processed by DRS" column. Please take the necessary steps to reconcile your account with DRS. Call your Account Manager if you have questions.						

Linking the Transmittal Report to Your Account

The “Net Difference” on the Transmittal Reconciliation Information section of the edit report represents the amount due if your original payment amount equals the amount you reported. The Contribution Transmittal (CT) invoice or the Transmittal Report Adjustment line item on your DRS Statement of Account Activity will be the same amount as the total in the “Processed by DRS” column of the Transmittal Reconciliation Information section.

The sample below shows the statement as it would appear based on the preceding sample of the Transmittal Reconciliation Information section.

P L A N	C O D E	DESCRIPTION	RECEIVED OR POSTED DATE	DUE BY DATE	RPT PERIOD, INVOICE OR PAYMENT NUMBER	TRANSMITTAL REPORT INFORMATION	INVOICE OR PAYMEN T AMOUNT	BALANCE DUE
2		REPORTING GROUP 5000 (PERS) Transmittal Report – RO1 Reported by Employer Member Employer Total				457.83 <u>920.86</u> 1378.69		
		Rejected by DRS Member Employer Total				7.77- <u>15.63-</u> 23.40-		
		Recalculated by DRS Member Employer Total				13.33- <u>26.82-</u> 40.15-		
		Calculated by DRS Member Employer				436.73 <u>878.41</u>		
	CT	Contribution Transmittal Mar 2002Payment Mar 2002 CT TOTAL	04/11/2002 04/03/02	04/18/2002	032002 W12345		1315.14 <u>1378.69-</u>	63.55-

Note: In this example, the employer would need to submit correcting transactions and use a Credit Redistribution form to reconcile the Plan 1 and Plan 2 account balances. These account balances are the result of the rejected transactions and a member being reported in the wrong plan.

Using the Transmittal Correction Report

When you discover an error, you can submit a correcting transaction on your regular monthly transmittal or you can submit a correcting transaction at any time of the month using a transmittal correction report. A correction report provides you with the flexibility to correct errors quickly and to respond promptly to rejected transactions. It is important to re-report rejected transactions as soon as possible. This assists in getting the information posted to the member's account in a timely manner.

Correction reports can be submitted by any transmittal reporting method. You do not have to submit corrections using the same method as your regular report. If you send your regular report by diskette, you can submit a correction using the paper Transmittal Correction Report.

The report period DRS assigns to your correction report will be the same as the last regular report that has been processed. The report period assigned by DRS is used to identify your correction on edit reports and on your Statement of Account Activity.

If you owe contributions because of transactions on your correction report, you must also send the payment with a Payment Advice form to DRS.

If DRS finds errors on your correction report, you will receive an edit report from DRS, just as you would with any other transmittal report.

Submitting Correction Reports by Electronic Methods

To submit a correction report using one of the electronic methods, enter a "C" (for correction) in the Report Type field. Contact ESS to request additional information about reporting transmittal corrections electronically.

Rpt Type	Reporting Group (Dept.)	System	Plan	Employer Name	Prepared By	Date	Telephone Number	Page			
C											
Member Information				Earnings Information							
				Earning Period	Status	Compensation	Member Contributions	Employer (DB) Contributions	Hours/ Days	Begin Date	End Date
SSN: Name:											
Gender: Birth: Type: Name Y or N											
Address: Add Chg: Y or N											
City: State: Zip:											
Investment Program: Rate Option: Tax Status:											
Choice/Transfer Date: Plan Choice:											
SSN: Name:											
Gender: Birth: Type: Name Y or N											
Address: Add Chg: Y or N											
City: State: Zip:											
Investment Program: Rate Option: Tax Status:											
Choice/Transfer Date: Plan Choice:											
SSN: Name:											
Gender: Birth: Type: Name Y or N											
Address: Add Chg: Y or N											
City: State: Zip:											
Investment Program: Rate Option: Tax Status:											
Choice/Transfer Date: Plan Choice:											
SSN: Name:											
Gender: Birth: Type: Name Y or N											
Address: Add Chg: Y or N											
City: State: Zip:											
Investment Program: Rate Option: Tax Status:											
Choice/Transfer Date: Plan Choice:											
				Page Total						Mail this form to: Department of Retirement Systems Employer Support Services PO Box 48380 Olympia, WA 98504-8380	
				Plan Total							
				System Total							

USING THE PAPER TRANSMITTAL CORRECTION REPORT

The Transmittal Correction Report is interactive; you may complete it on your computer. If you need to submit multiple pages, print the completed page, then click on the reset form button to start another page.

- 1 Fill in the employer information requested in the header:
 - Your reporting group (department) number.
 - The retirement system and plan for the correction(s) being reported on this page (only one system/plan per page).
 - The employer's name.
 - The name of the person preparing the form and his or her telephone number.
 - Page number, if more than one page of corrections is submitted.
- 2 Complete the member and earnings information for the transactions you are submitting. Include the same information as you would for any regular transmittal transaction.
- 3 Complete the totals at the bottom of the page.
 - For each page, total the amounts in the compensation, member contributions, employer contributions, and hour/days columns. Write the total in the page total fields.
 - On the final page for each plan, enter a plan total. (When your report has multiple pages for a plan, create the total by adding the page totals from each page for that plan).
 - If you are submitting corrections for more than one plan:
Enter a system total on the final page of your report.
(Create the total by adding the plan totals).
- 4 Make a copy of the correction report for your records.
- 5 Send the original correction report to DRS at the address given in the lower right corner of the Transmittal Correction Report. This is the same address used to mail regular reports.
6. If you will owe contributions as a result of the transactions you are reporting on the Transmittal Correction Report, you must send payment and a Payment Advice form to DRS. Send payments to the address shown on the Payment Advice form.
7. If you will be creating a credit to your DRS account because of the transactions you are reporting on the Transmittal Correction Report, you may need to use the Credit Redistribution form.

Please call Employer Support Services at (360) 664-7200 or toll-free at 1-800-547-6657 if you have any questions.

Linking the Correction Report to Your Account

After the correction report has been processed, the results will appear on your Statement of Account Activity. The adjusting transactions are listed under the line titled “Transmittal Report—CO1” showing an invoice adjustment.

The sample below shows how the correcting transaction shown in the preceding example will appear on your Statement of Account Activity.

P L A N	C O D E	DESCRIPTION	RECEIVED OR POSTED DATE	DUE BY DATE	RPT PERIOD, INVOICE OR PAYMENT NUMBER	TRANSMITTAL REPORT INFORMATION	INVOICE OR PAYMENT AMOUNT	BALANCE DUE
2		REPORTING GROUP 5000 (PERS)						
		Transmittal Report – RO1						
		Reported by Employer						
		Member				457.83		
		Employer				<u>920.86</u>		
		Total				1378.69		
		Rejected by DRS						
		Member				7.77-		
		Employer				<u>15.63 -</u>		
		Total				23.40-		
		Recalculated by DRS						
		Member				13.33-		
		Employer				<u>26.82-</u>		
		Total				40.15-		
		Calculated by DRS						
		Member				436.73		
		Employer				<u>878.41</u>		
	CT	Contribution Transmittal	04/01/2002	04/18/2002	032002		1315.14	
		<i>Transmittal Report – C01</i>						
		Member				13.33		
		Employer				<u>26.82</u>		
		Transmittal Invoice Adjustment	05/15/2002		W12345		40.15	
		Mar 2002 Transmittal Payment					<u>1378.69</u>	
		Mar 2002 CT TOTAL						23.40-

Note: In this example, after submitting the correcting transactions on the correction report, the employer would need to use a Credit Redistribution form to reconcile the Plan 1 and Plan 2 account balances. These account balances are the result of a member being reported in the wrong plan.

Chapter 10: Account Activity

Chapter Overview

This chapter provides information about the DRS receivables management system. Refer to this chapter for:

- the definition of a receivable;
- a detailed description of the Statement of Account Activity;
- procedures for working with the statement; and
- information about employer invoices.

Refer to Chapter 9 for information about the DRS edit reports and procedures for using them to correct reporting errors.

Refer to Chapter 12 for samples of the Payment Advice and Credit Redistribution forms and instructions for their completion.

What is a Receivable?

A receivable exists when there is a legal obligation to pay DRS, and DRS has a legal obligation to collect the amount owed. This includes, but is not limited to, member and retiree overpayments, contributions and arrears billings. A receivable is also the accounting record of the amount owed, along with any adjustments and payments.

Adjustments are changes to the receivable, which affect the total amount due. An example of an employer-generated adjustment is a Transmittal Correction (TC). DRS can also initiate an adjustment, such as a correction to interest charges.

General Information Regarding RMS

On January 1, 1999, DRS implemented a new Receivables Management System that enhanced the information provided on your account activity statement. Your statement was improved to include Deferred Compensation and Dependent Care Savings Recovery data, and depending upon your preference, either “detailed” or “summary” account information.

The following paragraphs provide a brief explanation of the changes reflected on your new Statement of Account Activity.

Organization Number

A 4-digit organization number appears in the upper right hand corner of your statement. Each employer has one organization number, but can have several reporting group numbers.

Unique Invoice Numbers

With the exception of Contribution Transmittal (CT) invoices, each invoice will be identified with a unique, 8-digit number to simplify account reconciliation.

Note: CT invoices will be identified by reporting period of the transmittal report (051999 for May 1999).

Interest Charges

How is Interest Calculated?

As of January 1999, interest is charged on each past due receivable balance, rather than on the overall account balance. Interest is calculated once a month on the daily balance of each receivable with a debit balance. Multiply the daily rate times the outstanding balance times the applicable number of days to determine the amount of interest due.

$$\frac{12\%}{365 \text{ (days per year)}} = .0003288 \text{ daily rate}$$

Interest will show as a line item adjustment to the receivable on which it is assessed. This is done to provide you an audit trail between the interest and the amount on which it was calculated. No interest will be applied to credit balances.

Note: Interest for new employer long-term installment invoices will only be charged on any past due payment, not on the entire principal.

When are Payments Due? — When are They Past Due?

Payments are due the 15th of each month. Payments are past due if not received three business days after the due date. Interest will accrue beginning the 16th day on any past due receivable, at the close of the third business day after the 15th. Adjustments to interest assessed on past due receivables will be processed and displayed on your statement as adjustments to an invoice.

How do Adjustments to Interest Occur?

When interest on a receivable is charged erroneously, DRS will continue to adjust or remove interest as necessary. Adjustments to previously assessed interest are taken into consideration.

Requests to remove interest charges believed to be in error must be submitted in writing within 90 days and accompanied by sufficient documentation of the error. If a receivable is in dispute, no interest is charged on the disputed amount *while the dispute exists*. If the disputed amount is determined to be correct, interest will then be assessed on the disputed amount from the *original due date* of the receivable.

Payments

If your payment is not sufficient to cover the receivable balance, all interest and penalties will be paid first. Any remainder of the payment is then applied to the invoice amount.

Open Item Receivables

An open item receivable is a receivable with a net balance other than zero. A receivable remains open until the balance equals zero. If an adjustment is made that changes the balance on the receivable, the adjustment is not a separate open item but is attached to the specific invoice. When the receivable balance is zero, and is shown as zero on your Statement of Account Activity, the receivable and all payments and adjustments will be closed. No further information for this receivable will show on your monthly statement.

If the receivable balance is \$4.99 or less (a positive or negative amount) a tolerance adjustment will be run to bring the balance to zero. This adjustment and all items related to the receivable will be shown on your statement with a zero balance due.

Multiple regular transmittals processed in the same reporting period will be processed as one receivable. Any transmittal correction report will be considered an adjustment to the applicable receivable.

The Accounts Activity Process

You will receive a DRS Statement of Account Activity that includes account information for each retirement system and plan in which you participate. The statement provides details of all the activity in your account between the last statement date and the current statement date. The statement has a page break between each system.

The monthly transmittal report you send DRS provides the information used to determine your contribution billing amount. The amount due is the total of the employer and employee contributions—based on your employees' compensation and the contribution rates for the earning period(s) being reported. Mail the payment for this invoice—along with the payment advice form—to:

Department of Retirement Systems
P.O. Box 9018
Olympia, Washington 98507-9018.

Note: The invoice amount is the result of processing the transactions submitted on the transmittal report. If DRS rejects or recalculates contributions, the invoice will reflect the adjustments made by DRS.

Creating the Statement of Account Activity

The following outlines the steps taken to create your monthly statement:

1. By the 15th of each month, you must send the monthly transmittal report and contribution payments—along with the payment advice form—to DRS.
2. DRS receives and posts contribution payments daily.
3. DRS processes the transmittal information. If any information is changed or rejected, the DRS transmittal processing system will create a “Transmittal Edit Messages” report that is sent to employers.
4. DRS posts all invoice information.
5. DRS completes a tolerance adjustment to zero balance any receivable with a balance of \$4.99 or less (a positive or negative amount).
6. DRS applies interest charges on past due receivables.
7. DRS prints the Statement of Account Activity showing the organization's transactions since the last statement date.

8. DRS mails the statement within two weeks of the statement date.

Note: If you are participating in the Deferred Compensation program and/or the Dependent Care Savings Recovery program, information and activity on those programs will be displayed on the last page of your statement. See the example on page 10—20.

The Importance of the Statement

It is important to review your statement each month to verify that your contribution transmittal report and payment are equal. If you report correctly and make accurate contribution payments, the statement will show a zero balance.

If the statement shows an outstanding receivable balance, you will need to reconcile your account. Any receivable with a balance, either a debit or a credit, *will remain on your statement until it has been resolved*. If the outstanding balance is a debit, interest will accrue, from the 16th of the month in which it is due, until it has been resolved.

Dates to Remember

Following are important dates to remember in the accounts management process.

- Due Date is the 15th day of the month. This applies to transmittal reports, all contribution payments, and any other employer receivable payments due to DRS, with a Payment Advice Form.
- Timely Date is three business days following the due date.
 - Transmittals not received by the timely date are subject to a penalty assessment.
 - Receivables not paid in full by the timely date are subject to interest accrual starting from the 16th of the month, regardless of the method of payment.

Your Statement of Account Activity

A Summary

Your Statement of Account Activity reflects the activity in your account between the last statement date and the current statement date. After March 1999, you will have the option of receiving detailed transmittal report information or a summary of the transmittal report on the statement.

For each retirement system and plan, the detailed statement includes:

- the member and employer contribution amounts reported on your transmittal;
- DRS-recalculated member and employer transaction totals;
- DRS-rejected member and employer transaction totals;
- DRS-calculated amounts (member and employer contributions) which are reflected as the final CT invoice amount;
- invoices generated by DRS staff; such as an arrears billing;
- all payments and adjustments; and
- the Deferred Compensation Program and/or the Dependent Care Savings Recovery program, information and activity if you are participating.

If you do not want to see the detailed transmittal report, you may request the summary option, which includes only CT invoice information, by calling your Account Manager.

Examples of the transmittal report detail, the summary information and the credit redistribution are provided on pages 10—20 through 10—25.

Information Displayed on Your Statement

Following are descriptions for each area of your statement (see example on page 10—22).

Message Area

The message area is for important announcements that affect employers.

Mailing Address

Your mailing address is printed directly below the message area. You should inform your Account Manager whenever this address changes.

Organization Number

Each employer has a unique organization number. This number is inclusive of all reporting group numbers assigned to your organization.

Statement Date

The statement date is the timely date—always the third business day following the due date. Transactions received or processed after this date will be shown on the following month's statement.

Account Manager

The name, telephone number and E-mail address of your Account Manager are shown below the statement date.

Due Date and Interest Disclosure

Information about the due date and the interest disclosure is shown in this area.

Reporting Group and Agency Number

This information is located below the Description column heading. A unique reporting group number identifies each retirement system within your account. Reporting group numbers for PERS, LEOFF, WSPRS and JRS are four characters. Reporting group numbers for TRS are six characters. A page-break is created for each system you report. The agency number for employers who participate in the Deferred Compensation Programs (DCP) is listed here. A page break is created between system and agency number.

Statement Column Headings

Plan

This column shows to which plan each transaction was posted. Transactions are posted to Plan 1, Plan 2 or Plan 3. For organizations

reporting more than one system (PERS, TRS, and LEOFF), all active systems and plans will appear on the statement.

Code

This column contains a two-letter code that identifies the invoice type. See the following section for explanations of invoice types.

Description

This column is used to describe each line item (transaction) on the statement.

Received or Posted Date

This column shows when payments or transmittal reports are received. This column also displays the creation date of DRS-generated invoices.

Due By Date

This is the date on which transmittal reports and all payments are due.

Report Period, Invoice or Payment Number

Invoice numbers will be unique, 8-digit numbers, except for CT invoice numbers, which will be reflected as month and year (051999). The payment number is the check number, the journal voucher number, or other payment document number. A single payment document may be used for more than one invoice.

Transmittal Report Information

This column displays the detailed member and employer contributions that equal the CT invoice amount. Changes to contribution amounts by DRS are reflected if the employers chooses to see the detail information.

Deferral or Reduction Amount (on the DCP statement only)

Payments and associated invoices received by DRS are reflected in this column.

Invoice or Payment Amount

The dollar amount of each transaction is shown. The invoice amount will usually be a positive amount, while payments will be reflected with a negative amount.

Balance Due

The balance due for each receivable is reflected in this column. The balance due can be either a positive or a negative amount.

Any receivable with a balance of \$4.99 or less (positive or negative) will continue to appear on the statement until the balance is reconciled.

General Invoice Information

You should receive all DRS-generated invoices before the applicable invoice type appears on your statement. If you do not receive the invoice before you receive your statement, contact your Account Manager. Invoices may be either a debit (money due DRS) or a credit (money due to your organization or your employee).

For non-taxed periods, most invoice types reflect adjustments to both member and employer contributions. For taxed periods, the adjustments were to employer contributions only.

Invoice Types

AA—Audit Adjustment

Identifies a DRS internal correction to an employer's account.

AB—Arrears Billing

Identifies adjustments to a member's account for *prior* earning periods. These can include plan transfers, system transfers or other kinds of adjustments. An example of an arrears billing is on page 10—22.

Note: Effective January 1999, invoice type AB will no longer be used. Specific invoice types will be shown on the statement.

CP—Copy Expense

Identifies invoices for photocopies provided to you by DRS.

CR—Savings Recovery

Identifies a Dependent Care Savings Recovery invoice if your organization participates in this program. The invoice will be listed under your Agency Number.

CT—Contribution Transmittal

Identifies the contribution transmittal invoice based on information reported on the regular monthly transmittal. If your reporting is correct, the CT total on your statement will match the total contribution amount reported on the your transmittal. If contributions are recalculated or rejected, the CT total will reflect the DRS adjustment. If there is a reporting error, the error will be reflected on the edit report. See Chapter 9 for details about DRS edit reports.

DC—Member Contributions

Identifies member contributions for Plan 3 based on information reported on the transmittal report. See page 10—24 for an example of a statement containing Plan 3 information.

EB—Employer Billing

Identifies employer contributions due as a result of a Plan 1 retiree having worked in excess of 867 hours. See page 10—36 for an example of the Retiree Return to Work invoice.

EC—Employer Correction

Identifies contributions due because of an adjustment to a member's account; e.g., a plan transfer.

EN—New Agency

Identifies contributions due when a member's account is adjusted for services provided prior to the employer's participation in a retirement system.

EO—Employer Overpayment

Identifies member contributions due because of contribution transmittal corrections after a refund of contributions was issued to a member.

EW—Employer Write-off

Identifies that DRS has determined to “write-off” an outstanding balance.

MS—Miscellaneous

Identifies when chargeable services have been provided by DRS; e.g., additional handbooks, etc.

OS—Optional Service

Identifies employer contributions due because a member purchased optional service; e.g., substitute teachers.

PA—Penalty Assessment (Transmittal Deficiencies)

Identifies a penalty fee for late transmittal reporting by your organization.

PS—Prior Service

Identifies employer contributions due because a member purchased optional service earned before an employer began participating in a retirement system.

SC—SCERS

This code identifies invoice amounts for pension payments to retirees of the Statewide City Employees' Retirement System (SCERS). DRS administers SCERS payments since SCERS became insolvent on January 1, 1972. Since that date, certain employers have been billed for payments to retirees or their beneficiaries still receiving benefits from that system.

XC—Excess Compensation

Excess compensation (XC) invoices can occur for PERS Plan 1 and TRS Plan 1 members only. These invoices result when certain types of payments are reported during the period of time used to calculate the member's retirement benefit.

Procedures for Working with the Statement

General Information

When working with the statement, be aware of the following points:

- The CT invoice shown on your statement relates to a particular reporting period. You may have reported several earning periods within a reporting period. While the earning period determines the contribution rate, the account information will be displayed on the statement by reporting period.
- You can adjust a specific CT invoice amount by submitting a correction report *before* the next regular transmittal report.
- Re-reporting previously rejected information on next month's regular report, will show on the current month's invoice amount, which requires the use of the Credit Redistribution form to reconcile the outstanding balances.

Reviewing the Statement Each Month

Each month, when you receive the statement, you will need to reconcile your account by following these steps:

- Make sure payments have been posted correctly. If you make payment to more than one system or plan, make sure the correct payment was posted to the appropriate system and plan.
- Verify that the CT invoice and/or any invoice adjustments agree with the amount you reported. The following page shows an example of a correction report on the new statement. If the amount is different, review the corresponding edit message report and take the steps necessary to reconcile your account.
- Verify that all invoices received by your office and the payments you have made are shown on the statement.
- Check to see that all credit redistributions have been posted correctly.
- Check the items (if any) on your Correction Report.

Reconciling Each Receivable

If your statement shows a receivable with a balance \$4.99 or less, (a positive or negative amount) you need to take steps to reconcile the outstanding balance.

- Gather the documents relating to the invoice. For example:
 - a copy of the monthly transmittal report you submitted
 - a copy of transmittal correction reports, if any were submitted
 - any DRS edit reports you received
 - a copy of the Payment Advice form you submitted
 - copies of any Credit Redistribution forms, if any were submitted
 - copies of any invoices you received
- Verify that payments were posted as detailed on your Payment Advice form and that debits and credits were moved as detailed on your Credit Redistribution form. If there are discrepancies, contact your DRS Account Manager.
- Compare the CT invoice and any correction report adjustments on your statement with the amount you reported on the transmittal(s). If the figures do not match, refer to your edit reports for an explanation of any differences.
- If the difference in the CT invoice amount or any adjustments are the result of a reporting error—such as a plan error or a recalculation error—make the necessary corrections with a

correction report or on your next regular report. (See Chapter 9 for instructions on how to correct errors shown on the edit reports.)

- After you have determined the total dollar amounts that are out of balance, if any, report the necessary information on the transmittal report. Complete a Payment Advice form to submit any payments due, or complete a Credit Redistribution form to move credits.
- Once your corrections, payments, and/or completed forms have been received and processed, your statement will reflect this activity in your account. Check the following month's statement to make sure the outstanding balance has been reconciled.

Submitting the Payment Advice Form

A Payment Advice form (see Chapter 12) must accompany payments to DRS. Because each receivable has a unique invoice number, this form is used to identify the invoices—by number—to which a payment applies. When you submit the form, be aware of the following points:

- Instructions are on the back of the form. If you need additional information, contact your DRS Account Manager.
- Payments will be applied to the invoice number you enter on the form. If you indicate the incorrect invoice number on the form, you could be subject to interest charges for a late payment.
- Payments can be applied to future periods. To do so, indicate the appropriate invoice number to which you want to apply the payment.
- Negative amounts can only be submitted by state agencies making corrections to prior journal voucher payments. Other employers must use the Credit Redistribution form.
- The total amount you enter on the form should equal the total amount of your accompanying payment document (warrant, check, or journal voucher). If the payment amounts differ, DRS will change the amounts on the form to match the payment amount.

Note: State agencies reporting through HRISD and community colleges, technical colleges, and universities reporting through CIS can submit electronic fund transfers without a Payment Advice form. This only applies to payments for the CT invoice.

- If DRS receives money, but no Payment Advice form, the money will be applied to Plan 2.
- If the payment amount causes an overage or an underage, DRS will apply the money to Plan 2.

Submitting the Credit Redistribution Form

The Credit Redistribution form is used to reconcile receivable balances on your statement. Normally, you will use the form to move money from one receivable with a credit balance (a negative amount) to another receivable with a debit balance (a positive amount). When you submit the form, be aware of the following points:

- Instructions are on the back of the form. If you need additional information, contact your DRS Account Manager.
- The form can be sent to DRS at any time; you do not need to wait until you send your regular monthly payment. If the form is received at DRS by the due date, the credit redistribution should appear on your next month's statement.
- Make sure you include your name and phone number on the form so your DRS Account Manager can contact you if there are any questions.
- Negative amounts should not be entered on the form. Amounts you enter in the FROM column are posted as a debit and amounts you enter in the TO column are posted as a credit. Make sure you enter the system, plan, invoice number, payment number, and amount.
- You should not move money from a month with a positive or negative balance of \$4.99 or less.
- Credits can be moved from one system or plan to another.
- If you move money from a receivable with a debit balance, you will increase the amount of the debit balance (the amount owed to DRS) and you will be charged interest.

Keeping Accounts in Balance—Plan Changes

If you report a member in the wrong plan, the reported transmittal information is moved into the correct plan when the transmittal is processed. (This does not apply to Plan 3.)

If you are a non-taxed employer, DRS recalculates the member and employer contributions based on the contribution rates that apply for each plan, and adjusts your invoice for each plan accordingly.

If you are a taxed employer, DRS recalculates the employer contributions only and adjusts your CT invoices for each plan accordingly. Your statement will reflect these changes. To balance your account, you need to complete the Credit Redistribution form and send any monies due, with the Payment Advice form. (Refer to Chapter 9 for information about making the necessary corrections through the transmittal process.) DRS does not adjust payments you have sent. Consequently, you will need to take steps to balance your account. For example:

- You are a PERS non-taxed employer reporting for the May 1999 reporting period. You report and pay contributions of \$48,152.54 to Plan 1 and \$106,516.07 to Plan 2. You reported employees' salaries of \$20,205.19 in the wrong plan so DRS processes a plan change.
- The statement will show your payments to Plan 1 and Plan 2 as indicated on the Payment Advice form. The CT invoice amounts will have been adjusted for the differences in contribution rates between Plan 1 and Plan 2. This results in a debit of \$2,727.70 in Plan 1 and a credit of \$2,454.93 in Plan 2.

Note: The Transmittal Edit Messages report will show how your reported contributions were adjusted. (See Chapter 9 for details about this report.)

- To balance the account, complete a Credit Redistribution form *and* a Payment Advice form.

—Use the Credit Redistribution form to move \$2,454.93 from Plan 2 to Plan 1. This will leave \$272.77 still due to Plan 1.

—Use the Payment Advice form to report the payment of the remaining balance of \$272.77 to Plan 1.

Note: You should deduct this money from the employee's gross salary to keep the employee's tax information coordinated with how their contributions are recorded at DRS.

- Send the forms and your payment to DRS. Once the materials have been received and processed, your statement will show the activity in your account.

Keeping Receivables in Balance—Non-taxed Recalculations

The employer and employee contributions due to DRS are determined by multiplying the employee's compensation times the applicable contribution rates for the earning period reported. If reported contributions are not within \$0.10 (plus or minus) of the correct amount, DRS recalculates contributions. Your statement will show this adjusted total. *DRS does not adjust payments you have sent.*

When non-taxed contributions are recalculated, DRS adjusts the CT *by the amount of both the employee and the employer contributions* when applicable. As part of the Transmittal Edit Message report, you will receive Transmittal Reconciliation Information showing how contributions were adjusted. For example:

- You are a LEOFF employer reporting for the May 1999 reporting period. You report a Plan 1 employee's compensation correctly but make an error in reporting and paying contributions. You report and pay \$96 in employee contributions instead of \$90 and report and pay \$99 in employer contributions instead of \$93.
- Your CT invoice amount in Plan 1 for May 1999 will show a difference of \$12 (\$6 in employee contributions plus \$6 in employer contributions). This difference will result in a credit balance of \$12.

Note: The Transmittal Reconciliation Information will show how your reported contributions were adjusted. (See Chapter 9 for details about this report.).

- If the difference is a credit, you should short your payment for the next month's transmittal invoice and complete a Credit Redistribution form.
- If the difference is a debit, you will need to submit the additional payment along with a Payment Advice form to DRS.
- Once the adjustments have been received and processed, this activity will show on your statement. You should check the statement to verify the adjustments were posted correctly.

Note: The preceding discussion explains how to balance a receivable in response to a calculation error for a single employee. If you have calculation errors for a number of employees, the same steps can be followed to reconcile the account balance.

Keeping Receivables in Balance—Taxed Contributions

The employer and employee contributions due to DRS are determined by multiplying the employee's compensation times the applicable contribution rates for the earning period reported. If the contributions are reported incorrectly based on the reported compensation, employer contributions are processed differently by DRS than the member contributions.

Taxed Employer Contributions Reported Incorrectly

Employer contributions reported incorrectly are recalculated by DRS to the correct amount based on the reported compensation. If the contributions are within \$0.10 either plus or minus of the correct amount, DRS makes no adjustment. If the contributions are not within \$.10 either plus or minus of what should have been reported, DRS recalculates the contributions. *DRS does not adjust payments you have sent.*

Taxed Member Contributions Reported Incorrectly

Taxed member contributions are *not* recalculated by DRS. You will receive a warning message on your "Transmittal Edit Messages" report that informs you the contributions were reported incorrectly. DRS will flag the member's account as *discrepant*. Having a discrepant transaction could prevent a member from withdrawing contributions, or could have the wrong amount of interest applied to his or her account. Because these transactions have a negative impact on the member, you should make the appropriate corrections immediately. (See Chapter 9 for information on correcting member account information.)

- You are a LEOFF employer reporting for the May 1999 reporting period. You report a Plan 1 employee's compensation correctly but make an error in reporting and paying contributions. You report and pay \$96 in employee contributions instead of \$90 and report and pay \$99 in employer contributions instead of \$93.
- Your CT invoice amount in Plan 1 for May 1999 will show a credit difference of \$6 for the recalculated employer contributions.

Note: The Transmittal Reconciliation Information will show how your reported contributions were adjusted. (See Chapter 9 for details about this report.)

- To balance your account, you need to complete the appropriate corrections for the member contributions. (Refer to Chapter 8 for information about making the corrections through the transmittal process.)
- If the corrections result in a credit, you should short your payment for the next month's transmittal invoice and complete a Credit Redistribution form.
- If the corrections result in a debit, you will need to submit the additional payment along with a Payment Advice form to DRS.
- Once the adjustments have been received and processed, this activity will show on your statement. You should check the statement to verify the adjustments were posted correctly.

Note: The preceding discussion shows how to balance a receivable account in response to a calculation error for a single employee. If you have calculation errors for a number of employees, the same steps can be followed to reconcile the account balance.

Examples of Statements of Account Activity

The following six pages show examples of each Statement of Account Activity referenced in the preceding sections.

STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
STATEMENT OF ACCOUNT ACTIVITY

Message area:

Organization Number:

0000

Statement Date:

07/20/1998

Watch this area for future announcements.

Your Account Manager is: Joan Public
Telephone: (360)588-8888 or 1-800-547-6657
E-mail address is JOANP@DRS.WA.GOV

PAYROLL OFFICER
MODERNITY SCHOOL DISTRICT 01
PO BOX 76544
MODERNITY, WA 99999

Your payment is due by the 15th of the month. Interest will be calculated on each outstanding debit balance at a rate of 1% per month beginning the 16th of each month. Refer to the DRS Employer Handbook for more information.

P L A N	C O D E	DESCRIPTION	RECEIVED OR POSTED DATE	DUE BY DATE	INVOICE OR PAYMENT NUMBER	DEFERRAL OR REDUCTION AMOUNT	INVOICE OR PAYMENT AMOUNT	BALANCE DUE
		Agency Number 123 SUB: S##	① ←					
		Deferred Comp Deferrals						
		Received	06/25/1998		DEF50000	18,596.55-		
		Received	07/10/1998		DEF60000	19,075.57-		
		Dependent Care Reductions						
		Received	06/25/1998		DCA70000	642.08-		
		Received	07/10/1998		DCA80000	642.08-		
	CR	Dependent Care Savings Recovery					159.16	
		Savings Recovery	07/01/1998	08/15/1998	98012000		<u>159.16-</u>	
		July 1998 Payment		08/10/1998				
		July 1998 CR TOTAL						00.00 =====
<div> <p>① Refer to Agency Number 123 under the Description column. An agency number indicates that Deferred Compensation Program (DCP) information is listed below. —Not all employers participate in DCP.</p> </div>								

STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
STATEMENT OF ACCOUNT ACTIVITY

Message area:

Watch this area for future announcements.

Organization Number:

0000

Statement Date:

02/18/1999

PAYROLL OFFICER
MODERNITY SCHOOL DISTRICT 01
PO BOX 76544
MODERNITY, WA 99999

Your Account Manager is: Joan Public
Telephone: (860)588-8888 or 1-800-547-6657
E-mail address is JOANP@DRS.WA.GOV

Your payment is due by the 15th of the month. Interest will be calculated on each outstanding debit balance at a rate of 1% per month beginning the 16th of each month. Refer to the DRS Employer Handbook for more information.

P L A N	C O D E	DESCRIPTION	RECEIVED OR POSTED DATE	DUE BY DATE	RPT PERIOD, INVOICE OR PAYMENT NUMBER	TRANSMITTAL REPORT INFORMATION	INVOICE OR PAYMENT AMOUNT	BALANCE DUE
		REPORTING GROUP 130400 (TRS)						
2		Transmittal Report – R01						
①		Reported by Employer						
		Member				16,000.00	← ①	
		Employer				<u>90,000.00</u>		
		Total				106,000.00		
②		Recalculated by DRS						
		Member				10.00-	← ②	
		Employer				<u>10.00</u>		
		Total				00.00		
③		Rejected by DRS						
		Member				10,000.00-	← ③	
		Employer				<u>16,000.00-</u>		
		Total				26,000.00-		
		Calculated by DRS						
		Member				6,000.00		
		Employer				<u>74,000.00</u>		
	CT	Contribution Transmittal						
		Dec 1998 Transmittal Payment	01/05/1999	01/15/1999	121998		80,000.00	
		Credit Redistribution	01/03/1999	01/15/1999	123456		106,000.00-	
			02/05/1999		123456		<u>26,000.00</u>	
		Dec 1998 CT TOTAL						00.00
								=====
2		Transmittal Report – R01						
		Member				26,000.00		
		Employer				<u>106,000.00</u>		
	CT	Contribution Transmittal						
		Jan 1999 Transmittal Payment	02/05/1999	02/15/1999	011999		132,000.00	
		Credit Redistribution	02/03/1999	02/15/1999	123457		106,000.00-	
			02/05/1999		123456		<u>26,000.00-</u>	
		Jan 1999 CT TOTAL						00.00
								=====

Detailed information regarding :
① reported contributions,
② recalculations, and
③ rejects
will be reflected when applicable.
Note: Employers can instruct DRS not
to print this detail.
④ The Credit Redistribution is
identified within the Description
column.

STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
STATEMENT OF ACCOUNT ACTIVITY

Message area:

Watch this area for future announcements.

Organization Number:

0000

Statement Date:

02/18/1999

PAYROLL OFFICER
MODERNITY SCHOOL DISTRICT 01
PO BOX 76544
MODERNITY, WA 99999

Your Account Manager is: Joan Public
Telephone: (360)588-8888 or 1-800-547-6657
E-mail address is JOANP@DRS.WA.GOV

Your payment is due by the 15th of the month. Interest will be calculated on each outstanding debit balance at a rate of 1% per month beginning the 16th of each month. Refer to the DRS Employer Handbook for more information.

P L A N	C O D E	DESCRIPTION	RECEIVED OR POSTED DATE	DUE BY DATE	RPT PERIOD, INVOICE OR PAYMENT NUMBER	TRANSMITTAL REPORT INFORMATION	INVOICE OR PAYMENT AMOUNT	BALANCE DUE
		REPORTING GROUP 5000 (PERS)						
2 ③	AB	Arrears Billing Interest for 01/16/1999 – 02/15/1999 AB TOTAL	12/01/1999 02/18/1999	01/15/1999	13000022	① ②	1,700.00 17.33	1,717.33 =====
2	CT	Transmittal Report – R01 Member Employer Contribution Transmittal Jan 1999 Transmittal Payment Jan 1999 CT TOTAL	02/05/1999 02/03/1999	02/15/1999 02/15/1999	011999 123789	6,000.00 74,000.00	80,000.00 80,000.00-	00.00 =====
① The Arrears Billing (AB) invoice has an 8-digit unique invoice number in the Rpt Period, Invoice or Payment Number column. ② An interest fee of \$17.33 is the result of no payment being received by the due date. ③ Interest will always be reflected from the 16 th of the month through the day prior to when the payment was received or through the 15 th of the following month if no payment is received.								

STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
STATEMENT OF ACCOUNT ACTIVITY

Message area:

Organization Number:

0000

Statement Date:

01/21/1999

Watch this area for future announcements.

Your Account Manager is: Joan Public
Telephone: 360)588-8888 or 1-800-547-6657
E-mail address is JOANP@DRS.WA.GOV

PAYROLL OFFICER
MODERNITY SCHOOL DISTRICT 01
PO BOX 76544
MODERNITY, WA 99999

Your payment is due by the 15th of the month. Interest will be calculated on each outstanding debit balance at a rate of 1% per month beginning the 16th of each month. Refer to the DRS Employer Handbook for more information.

P L A N	C O D E	DESCRIPTION	RECEIVED OR POSTED DATE	DUE BY DATE	RPT PERIOD, INVOICE OR PAYMENT NUMBER	TRANSMITTAL REPORT INFORMATION	INVOICE OR PAYMENT AMOUNT	BALANCE DUE
3		REPORTING GROUP 130400 (TRS)						
		DEFINED BENEFIT – DB						
		Transmittal Report – R01						
		Reported by Employer				10,050.25		
		Recalculated by DRS				50.25-		
		Rejected by DRS				<u>2000.00-</u>		
	CT	Contribution Transmittal	01/05/1999	01/15/1999	121998		8,000.00	← ①
	③	Transferred from DC	01/06/1999		DCRECON	↔ ③ ↔	1,000.00-	
		Dec 1998 Transmittal Payment	01/03/1999	01/15/1999	12347		<u>10,050.25-</u>	
		Dec 1998 CT TOTAL						3,050.25 =====
3		DEFINED CONTRIBUTIONS – DC						
		Transmittal Report – R01						
		Reported by Employer				2,000.00		
		Defined Contributions – Self				<u>3,000.00</u>		
		Defined Contributions – WSIB				5,000.00		
		Total						
		Rejected by DRS				1,000.00-		
		Defined Contributions – Self				<u>00.00</u>		
		Defined Contributions – WSIB				1,000.00-		
		Total						
		Calculated by DRS				1,000.00		
		Defined Contributions – Self				<u>3,000.00</u>		
	DC	Contribution Transmittal	01/05/1999	01/15/1999			4,000.00	← ②
	③	Transferred to DB	01/06/1999		DCRECON	↔ ③ ↔	1,000.00	
		Dec 1998 Transmittal Payment	01/03/1999	01/15/1999	12347		<u>5,000.00-</u>	
		Dec 1998 DC Total						00.00 =====

① The CT invoice in Plan 3 is equal to employer contributions only
② The DC invoice in Plan 3 is equal to member contributions only and is the total of the SELF and WSIB contributions that were processed.
③ DCRECON identifies when DRS has moved money between the DB and the DC accounts or between SELF and WSIB.

STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
STATEMENT OF ACCOUNT ACTIVITY

Message area:

Organization Number:

0000

Statement Date:

02/18/1999

Watch this area for future announcements.

Your Account Manager is: Joan Public
Telephone: 360)588-8888 or 1-800-547-6657
E-mail address is JOANP@DRS.WA.GOV

PAYROLL OFFICER
MODERNITY SCHOOL DISTRICT 01
PO BOX 76544
MODERNITY, WA 99999

Your payment is due by the 15th of the month. Interest will be calculated on each outstanding debit balance at a rate of 1% per month beginning the 16th of each month. Refer to the DRS Employer Handbook for more information.

P L A N	C O D E	DESCRIPTION	RECEIVED OR POSTED DATE	DUE BY DATE	RPT PERIOD, INVOICE OR PAYMENT NUMBER	TRANSMITTAL REPORT INFORMATION	INVOICE OR PAYMENT AMOUNT	BALANCE DUE
2	CT	REPORTING GROUP 130400 (TRS)						
		Transmittal Report – R01						
		Calculated by DRS						
		Member				26,000.00		
		Employer				<u>106,000.00</u>		
		Contribution Transmittal	02/05/1999	02/15/1999	011999		132,000.00	
		Jan 1999 Transmittal Payment	02/03/1999	02/15/1999	123457		106,000.00-	
		Credit Redistribution	02/05/1999		123456		<u>26,000.00-</u>	
		Jan 1999 CT TOTAL						00.00 =====
<div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: 80%;"> <p><i>An example of the summary option, which reflects employer contribution amounts calculated by DRS. You may select this option by calling your Account Manager. Refer to page 10—24 for the detailed option, which is the statement you receive unless you contact your Account Manager.</i></p> </div>								

Employer Invoices

A Summary

This section provides information about the following employer invoices:

- Invoices for Arrears Billings—created when a member account adjustment results in an employer obligation or credit.
- Invoice for Excess Compensation (for PERS Plan 1 and TRS Plan 1 employers only)—an Excess Compensation Invoice is sent to an employer when certain types of cash outs are included in a retiring employee's average final compensation period.
- Invoice for Transmittal Deficiencies—sent to an employer who has incurred an additional administrative fee for late reporting.

For non-taxed periods, employers are responsible for both member and employer obligations and credits. For taxed periods, employers are responsible only for employer obligations and credits.

An explanation of the adjustments will be included with the employer invoice. If you have questions, contact the individual whose name and number appear on the invoice, or contact your DRS Account Manager. You should receive an invoice prior to seeing an invoice transaction on your statement.

The Employer Invoice for Adjustments to Member Accounts

General Information

Several invoice types reflect adjustments to member accounts that result in an employer obligation or credit; i.e., EC, EN, EO, OS and PS. The adjustment can be the result of a plan transfer, a system transfer, an error in reporting or some other activity.

If payment is due, you will receive an invoice for the amount due. A sample employer invoice is shown on page 10—29. The invoice will provide the reason for the bill and the code used on your Statement of Account Activity. If you have questions, contact the individual whose name is shown on the invoice. You will need to complete a Payment Advice form to submit with your payment.

If a credit is due to you, you will receive an Employer Credit document. The credit document will explain the reason for the credit. If you have questions, contact the individual whose name appears on the credit document. You will need to complete a Credit Redistribution form to apply the credit to an appropriate system, plan, or billing month.

If you need help completing a Payment Advice or Credit Redistribution form, contact your DRS Account Manager.

Responding to All Types of Invoices

If payment is due:

- Complete a Payment Advice form, applying payment to the correct system, plan, and invoice number. For example, if you received the invoice shown in the sample on the next page, you would complete a Payment Advice form to apply payment of \$45.56 to PERS Plan 1 for Invoice #12345678.
- Send the completed form, your payment and the Payment Advice form to the address shown on the invoice.

If you are entitled to a credit:

- Use the Credit Redistribution form to move the credit to another receivable with an outstanding obligation or take the credit by shorting your next payment. If you have questions, call your Account Manager.

Points to Remember

When working with a DRS invoice, be aware of the following points:

- You may send the payment of an invoice amount along with your regular monthly contribution payment, or you may send the payment separately.
- You must complete a Credit Redistribution form to move a credit to a receivable with an outstanding obligation.
- You should receive an invoice before you see the billing on your statement. You may receive more than one invoice or credit during a given month. Your statement will show each billing as a separate invoice. Do not report any of the invoiced adjustments on your monthly transmittal report.

STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
P.O. Box 9018 Olympia, Washington 98507-9018

EMPLOYER INVOICE

INVOICE DATE:12/01/1998

INVOICE # :12345678

BELLTOWN, CITY OF
1639 MAIN ST
BELLTOWN, WA 98000

REPORT GROUP : 0000
SYSTEM/PLAN: PERS Plan 1

REGARDING : SMITHSON, JANET
SSN : 666-00-1111
REASON FOR INVOICE: ER INV-OVERREFUND OF MEMBER'S ACCOUNT
PERIOD COVERED : APRIL 1998

This invoice represents member contributions due from your organization as a result of contribution corrections for the above period(s) after a refund of retirement contributions was issued for the above member.

EMPLOYER CONTRIBUTION: \$.00
EMPLOYER EXPENSE : \$.00
EMPLOYEE CONTRIBUTION: \$45.56

AMOUNT DUE : \$45.56

DUE BY : 01/15/1999

Your statement of account activity will show this amount as line item AB.

Please submit payment to: Department of Retirement Systems
P.O. Box 9018
Olympia, WA 98507-9018

If you have questions, please call [the name and number of a DRS staff member
will appear here].

The Excess Compensation Benefit Invoice

General Information

An Excess Compensation Benefit Invoice is sent to an employer when a retiring member's Average Final Compensation (AFC) includes a cashout of over 240 hours of annual leave or other payments in excess of regular salary or overtime. The employer must pay the present value of all present and future benefits attributable to excess compensation. These billings are sent only to employers of PERS Plan 1 or TRS Plan 1 members.

If you have questions about an invoice you receive, contact the individual whose name and telephone number are printed near the bottom of your invoice. A sample of a Total Excess Compensation Benefit Invoice is shown on the following page.

STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
PO Box 9018, Olympia, WA 98507-9018
TOTAL EXCESS COMPENSATION BENEFIT INVOICE

Regarding: Bolger, Ray
SSN: 123 45 6789

Retirement Date: 01/01/1999
Birth Date: 07/22/1939

Reason for Invoice: EXCESS COMPENSATION

ANY PUBLIC SCHOOL
ATTN: PAYROLL
222 N MAIN
ANY TOWN WA 99999-1111

Invoice #: 00104668
Invoice Date: 11/01/1999
Rpt Group #: 123654
System/Plan: TRS 1

Excess compensation liability is discussed in RCW 41.50.150 and DRS Notices 84-002, 95-010, & 98-001

Calculation of the Total Value of the Excess Compensation

1. Service Prior to 1947:	00.0000 years of service x 0.000000	0.000000
2. Service:	(25.08 yrs x 2%)	0.501600
3. Vestment or Nonduty Reduction:		1.000000
Total Service Value	(1 + 2) x 3 =	0.501600
4. Reported Excess Compensation:	002.6029 x 056/68 (vacation hours over 240)	\$147.5324
5.	000.0000 x 0000.00 (sick leave hours)	\$.0000
6. Other Dollars:		\$.0000
Total Excess Compensation	(4 + 5 + a6) =	\$147.5324
Monthly Excess Compensation	\$147.5324 / 24 = (AFC months)	\$ 6.1472
Excess Benefit:	\$ 6.1472 (excess comp) x 0.501600 (srvc val)	\$ 3.0834
Total Value of Excess Compensation:	\$3.0834 / 0.0072280 =	\$426.59

Your statement of account activity will show this amount as line item XC.

AMOUNT DUE: \$426.59
DUE BY: 12/15/1999

Questions about the calculation call: TRS BENEFIT SPECIALIST AT (360) 664-1111

Return your payment to: Dept. of Retirement Systems
PO Box 9018
Olympia, WA 98507-9018

The Transmittal Deficiency Invoice

General Information

The monthly transmittal report must be received at DRS by the 15th of the month to ensure member account information is updated and interest is applied in a timely manner. Three business days are allowed for postal delivery. DRS charges the employer for late reporting if the monthly transmittal is not received by the third business day after the 15th. DRS applies a fixed fee for each day a report is late.

State law permits DRS to assess an additional fee to employers for late or inaccurate reporting (RCW 41.50.110(5)). At this time, deficiency charges are not applied for inaccurate reporting; i.e., rejected transactions, warnings, or system-corrected errors. However, a penalty assessment fee is applied for late reporting.

Contesting Transmittal Deficiency Charges

If you disagree with any of the charges appearing on the Transmittal Deficiency Invoice, you may contest any charge by writing to DRS at:

Manager, Employer Support Services
Department of Retirement Systems
PO Box 48380
Olympia, WA 98504-8380

In your letter, please indicate the reporting period (or periods) you wish to contest. Submit any evidence you have to support your belief that the deficiency has been charged in error. For example, show proof of when your report was mailed to DRS.

Your request for reconsideration of a deficiency charge must be submitted within six months of the date that DRS issued the Transmittal Deficiency Invoice. After the six-month period, DRS will not be able to reverse the charge(s).

DRS encourages you to pay the deficiency invoice by the due date, even if you are contesting some or all of the charges. If you make payment on time and a decision is then made to reverse any charges, credit for the appropriate amount will be reflected on your statement. If you do not make payment while contesting a charge, the payment may become past due.

STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
P.O. Box 9018 Olympia, Washington 98507-9018

EMPLOYER INVOICE

INVOICE DATE:12/01/1998

INVOICE # :12345678

BELLTOWN, CITY OF
1639 MAIN ST
BELLTOWN, WA 98000

REPORT GROUP : 0000
SYSTEM/PLAN: PERS Plan 1

REGARDING : OCTOBER 1998 Transmittal
DUE DATE : NOVEMBER 15, 1998
PAST DUE DATE : NOVEMBER 18, 1998
TRANSMITTAL RECEIVED DATE: NOVEMBER 19, 1998
PERIOD COVERED : Transmittals processed in the month of NOVEMBER

This invoice represents the amount owed because your transmittal
report was received after the past due date.

DAYS LATE (001) X Penalty (\$5.00) \$5.00

AMOUNT DUE \$5.00

DUE BY 01/15/1999

Your statement of account activity will show this amount as line item PA

Please submit payment to: Department of Retirement Systems
P.O. Box 9018
Olympia WA 98507-9018

If you have questions, please call [the name and number of a DRS
staff member will appear here.]

The Employer Retiree Return to Work Invoice

General Information

A Retiree Return to Work Invoice is sent to an employer when a retiree has been reported as having worked in excess of 867 hours. The employer will receive an invoice when the retiree exceeds 867 hours for all hours reported as worked during the fiscal/calendar year. A monthly invoice will then be sent to the employer for the addition hours reported each month during the remainder of the year. These billings are sent only to employers of PERS Plan1 or TRS Plan 1 retirees.

If you have questions about an invoice you receive, call the telephone number printed at the bottom of your invoice. An example of a Retiree Return to Work Invoice is shown on the following page. Do not report these contributions or payments on your transmittal report.

STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS
P.O. Box 9018 • Olympia, WA 98507-9018

CITY OF SOMEWHERE
1234 SOMEWHERE ST
SUITE #1234
MIDTOWN USA 99999-9999

Invoice Date:	03/01/2002
Invoice Nmbr:	12345678
Due Date:	04/15/2002
Org ID:	0865
Report Group:	5000
System Plan:	P1

Reason for invoice: Retiree Return To Work (RRTW).

This invoice represents employer contributions due for the retirees(s) listed below, as a result of having worked in excess of 867 hours, and is calculated using the system/plan from which they retired.

[illegible]

Invoice Amt:1764.64-

Your Statement of Account Activity will show this amount as line item EB.

Please submit payment to: Department of Retirement Systems
P.O. Box 9018
Olympia WA 98507-9018

If you have questions, please call (360) 664-7200 Or 1 (800) 547-6657 press 6.

Chapter 11: Deferred Compensation

General Information

The Deferred Compensation Program (DCP) is an Internal Revenue Code (IRC) Section 457 program that provides an opportunity for employees to set aside pretax dollars into a supplemental retirement account. Deferred compensation is an agreement between employee and employer to postpone part of the employee's income until separation from service.

Amounts deferred are held in trust by the Washington State Investment Board for the exclusive benefit of program participants and their beneficiaries. Income deferred reduces the taxable income reported on the employee's Form W-2 for the calendar year in which it was deferred.

Any state employee (full time, part time, working a regular schedule or career seasonal) and any elected or appointed official of the State is eligible to participate. Political subdivision employees may participate subject to any employer restrictions.

This chapter is divided into a general information section from pages 11-1 through 11-7 and a section for employers who use paper for DCP reporting from pages 11-8 through 11-15.

Employer Participation in DCP

The DCP is available to all state agencies and higher education institutions. Political subdivision and school district employers may add this program to their benefit package, provided their governing body adopts a resolution. Information regarding agency enrollment is available by calling a DCP Marketing Representative at (360) 664-7111 or toll free at 1-800-423-1524, and selecting option 5.

Employee Enrollment

Employees may enroll in DCP by completing a Participation Agreement (PA) (shown on page 11-4) and returning the completed form to the DCP office. Upon approval, employers will receive a DCP Deferral Amount Change Report.

- For employers who report by paper, DCP will mail a DCP Deferral Amount Change Report with the Banner Page, DCP Transmittal

Report and Payment Advice to the employee's payroll office. (See pages 11-11 through 11-15).

- Higher education employers will receive the DCP Deferral Amount Change Report with a Banner Page (see pages 11-11 and 11-12).
- Employers who use the Web-Based Employer Transmittal (WBET) will receive the Deferral Change Report electronically. See page 11-5 for a description of WBET.

The DCP Deferral Amount Change Report will reflect the pay date deferrals should begin and the amount elected by the employee for both new participants and participants who are requesting a change to their deferral amount. Political subdivision and higher education employers cannot start, stop, increase or decrease an employee's deferral until the DCP Deferral Amount Change Report is received.

The Participation Agreement (PA) is a 3-part form. If the employer requires a signed authorization from the employee for establishing a deferral, the employee should submit the employer's copy of the PA to the payroll office at the same time the original PA is submitted to DCP. The employee should retain the third copy of the PA.

In 2003, the maximum amount participants may defer from their annual compensation is \$12,000 (\$1,000 monthly). A participant must contact the DCP office to exceed the monthly amount. For years after 2003, the amount a participant may contribute is shown below:

Year	Maximum Deferral
2004	\$13,000
2005	\$14,000
2006	\$15,000

Changing or Suspending Deferrals

Employees may change or stop their payroll deduction at any time by calling the DCP Information Line toll free at 1-888-327-5596, selecting option 1, and following the main menu. Employees can also make changes by accessing their accounts on the DRS Web site at www.drs.wa.gov/dcp.

Changes can also be made using paper forms; however, the effective date of the change will be the date the DCP third-party record keeper receives the form and enters the information into the DCP record-keeping system. All deferral changes, including suspensions, will be reported to the political subdivision or higher education institution employers on the Deferral Change Report either on paper or electronically on WBET for use in updating the payroll system.

Deferrals from Annual and/or Sick Leave Cash Out Payments

Employees may prearrange deferring a portion of a cash out payment for unused annual and/or sick leave upon separation from service.

State Agencies

Deferrals from annual and/or sick leave cash out payments are electronically transmitted to the payroll system after being updated by DRS. The following instructions are for deferrals from annual and/or sick leave cash out payments.

1. When an annual and/or sick leave cash out request is received, DRS will e-mail the appropriate payroll with:
 - Name of the participant;
 - Last 4 digits of the participant's Social Security Number;
 - Amount of cash out; and
 - Date DRS expects the deferral.
2. The deferral must be taken only from the sick and annual leave cash out amount and must be the only deferral taken on the payroll date indicated.

If you have questions about the cash out or if it will not be paid on the date indicated on the e-mail, please contact DCP customer service toll free at 1-800-423-1524 and select option 3. If you need help with payroll data input, please contact the HRISD Help Desk at (360) 664-6400.

Political Subdivisions and Higher Education Institutions

For questions related to deferrals from annual and/or sick leave cash out payments for political subdivisions or higher education employees, please contact DCP customer service toll free at 1-800-423-1524 and select option 3.



DEFERRED
COMPENSATION
PROGRAM

PARTICIPATION AGREEMENT

STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS

Mail To:
PO Box 40931
Olympia, Washington 98504-0931
Toll Free: 1-888-327-5596
TDD: 1-877-847-6041

Social Security Number		Employer Name			
Employee Name Last		First		Middle Initial	
Street Address		Day Phone ()			
		Evening Phone ()			
City	State	Zip + 4	Birthdate	MM	DD
			YYYY	Gender	
				<input type="checkbox"/> M	<input type="checkbox"/> F

Deferral Information

I authorize my employer to defer \$ _____ OR _____ % from my pay monthly (see instructions).

Investment Allocations (Use whole percentages only)

<p>(Fund ID) Fund Name</p> <p>(10) Savings Pool _____ %</p> <p>(25) WA State Bond Fund _____ %</p> <p>(70) WA State Short-Horizon _____ %</p> <p>(71) WA State Mid-Horizon _____ %</p> <p>(30) WA State Social Balanced _____ %</p> <p>(72) WA State Long Horizon _____ %</p>	<p>(Fund ID) Fund Name</p> <p>(40) Fidelity Equity Income _____ %</p> <p>(50) US Stock Market Index _____ %</p> <p>(20) US Small Stock Index _____ %</p> <p>(60) Fidelity Independence _____ %</p> <p>(75) Fidelity Growth Company _____ %</p> <p>(77) Fidelity Overseas _____ %</p>
TOTAL must equal 100%	

Beneficiary Designation

I understand if I select more than one Primary Beneficiary or more than one Contingent Beneficiary, the total percentage(s) (whole numbers only) for each category must add up to 100%. I wish to designate the following beneficiary(ies) in accordance with the provisions of the Plan:

Primary	<div style="border: 1px solid black; padding: 2px;"> <div style="display: flex; justify-content: space-between;"> <div>Social Security Number</div> <div>Name: Last, First, MI</div> <div>Relationship</div> <div>Date of Birth</div> <div>Percentage</div> </div> <div style="border-top: 1px solid black; padding-top: 2px;"> <div style="display: flex; justify-content: space-between;"> <div>Address: Number</div> <div>Street</div> <div>City</div> <div>State</div> <div>Zip</div> </div> </div> </div>	%
<input checked="" type="checkbox"/>		

Check One:	<div style="border: 1px solid black; padding: 2px;"> <div style="display: flex; justify-content: space-between;"> <div>Social Security Number</div> <div>Name: Last, First, MI</div> <div>Relationship</div> <div>Date of Birth</div> <div>Percentage</div> </div> <div style="border-top: 1px solid black; padding-top: 2px;"> <div style="display: flex; justify-content: space-between;"> <div>Address: Number</div> <div>Street</div> <div>City</div> <div>State</div> <div>Zip</div> </div> </div> </div>	%
<input type="checkbox"/>		

Check One:	<div style="border: 1px solid black; padding: 2px;"> <div style="display: flex; justify-content: space-between;"> <div>Social Security Number</div> <div>Name: Last, First, MI</div> <div>Relationship</div> <div>Date of Birth</div> <div>Percentage</div> </div> <div style="border-top: 1px solid black; padding-top: 2px;"> <div style="display: flex; justify-content: space-between;"> <div>Address: Number</div> <div>Street</div> <div>City</div> <div>State</div> <div>Zip</div> </div> </div> </div>	%
<input type="checkbox"/>		

Important: Read before signing. I authorize my employer to deduct the amount or percentage set forth above each month and transmit to the Deferred Compensation Program. I further authorize my employer to deduct any deferral changes I request through the Deferred Compensation Program in the future. This agreement will continue until further notification by me, as set forth in the plan. I understand a plan expense will be applied to my account value. I acknowledge I have read and understand all sections of the "Memo of Understanding" on the reverse side of this agreement.

X _____

Employee Signature
Date

DRSD 112 (06/03) White Copy - DRS Pink Copy - Employer Yellow Copy - Participant

Transmittal Reporting

State Agencies and Higher Education

These employers use an automated method of reporting to DCP. However, higher education employers will receive a paper version of the DCP Deferral Amount Change Report. Internal procedures are established and should be used.

Political Subdivisions

These employers may use either the electronic method or paper method for reporting as described below:

Electronic Method - WBET

DRS has established an electronic means of reporting DCP transmittals called the Web-Based Employer Transmittal (WBET). This is an Internet-based application that is available to all political subdivision employers that have Internet access.

For online information about WBET visit our website at www.drs.wa.gov/employer and click on the electronic services link. Access this page when you want to:

- Sign up;
- Learn about the application;
- Learn how to use the application;
- Log on; and
- Find out about other services available.

Have questions or problems on WBET?

Employer Support Services provides support Monday through Friday, 8:00 am to 5:00 pm. You may contact them via email at drsemployer@drs.wa.gov or call 1-800-547-6657, extension 47200.

Paper Method

For political subdivision employers who do not have Internet access or who do not wish to use the electronic method, please see pages 11-8 through 11-18 for detailed information on reporting by paper.

Submitting Payment

State Agencies and Higher Education

These employers use an automated method of payment. Internal procedures are established and should be used.

Political Subdivisions

These employers may submit payments using either the electronic method or by check or warrant described below:

Electronic Method - ePay

DRS has established an electronic means of submitting DCP payments called Electronic Payment (ePay). This is an Internet-based application that is available to all political subdivision employers that have Internet access and are able to authorize electronic debits from an established bank account. The electronic method of payment can be used with either the paper method of reporting or WBET.

For online information about ePay visit our website at www.drs.wa.gov/employer and click on the electronic services link. Access this page when you want to:

- Sign up;
- Learn about the application;
- Learn how to use the application;
- Log on; and
- Find out about other services available.

Have questions or problems on ePay?

Employer Support Services provides support Monday through Friday, 8:00 a.m. to 5:00 p.m. You may contact them via e-mail at drsemployer@drs.wa.gov or call 1-800-547-6657, extension 47200.

Payment by Warrant or Check

A Payment Advice form must be included with all payments mailed to DRS. A pre-printed Payment Advice is available for employers that use WBET. Refer to WBET online instructions. Employers who use the paper method for reporting will receive a Payment Advice form in their transmittal packet each pay period. Please see page 11-13 for an example of the form

All checks should be made payable to the Department of Retirement Systems, Deferred Compensation Program.

Mail the Payment Advice and check to the following address:

Department of Retirement Systems, P.O. Box 9018, Olympia, WA 98507-9018

Form W-2 Requirements

IRC Section 457 deferred compensation deductions are reported on IRS Form W-2 at year-end. Box 1 reduces, "Wages, Tips, Other Compensation" by the amount contributed to Deferred Compensation. In box 12, enter a capital "G" and the amount the employee contributed to IRC Section 457.

Name/Address Changes for DCP Quarterly Statements

Quarterly statements will be mailed directly to employee homes every three months. Employee name and address records are kept current by employers reporting updates on the transmittal report as necessary.

Questions?

For employee enrollment, deferral modification or general DCP inquiries, please call the DCP office at (360) 664-7111 or toll free at 1-800-423-1524 and select option 2.

For group presentations, political subdivision agency enrollment and marketing, please call DCP Marketing at (360) 664-7111 or toll free at 1-800-423-1524 and select option 5.

For payment, transmittal reporting and Form W-2 inquiries, please call DCP Accounting Services at (360) 664-7111 or toll free at 1-800-423-1524 and select option 6.

Paper Only Transmittal Reporting

Political subdivision employers who use paper reporting will receive a transmittal packet for each pay period they are reporting. The packet consists of a banner page, the DCP Deferral Amount Change Report, the DCP Payment Advice and the DCP Transmittal Report. You will find examples of each on pages 11-11 through 11-15. These reports are only generated and mailed to the employer when payment has been received and recorded by DCP for the previous pay period.

Banner Page

The report cover sheet is called the banner page. This page is primarily used to identify the employer receiving the report. The banner page also provides such information as:

- The employer's address for mailing reports;
- The return address for mailing payments;
- A message area; and
- A telephone number to call for assistance.

Deferral Amount Change Report

You will receive the DCP Deferral Amount Change Report authorizing payroll deduction to Deferred Compensation. Deferral(s) should begin according to the effective pay date listed on this report. You will also receive the same report whenever a participant requests stopping their deferrals. Keep this report for your records.

If you have questions about enrollment, deferral revisions or DCP, please call DCP (360) 664-7111 or toll free at 1-800-423-1524 and select option 2.

Payment Requirements

A payment Advice must be included with all payments mailed to DRS. All checks should be made payable to the Department of Retirement Systems, Deferred Compensation Program. These documents should be mailed with the DCP Transmittal Report. A return envelope is provided for your convenience.

DCP Transmittal Report

Each month (or twice a month for employers with more than one pay date) you will receive the DCP Transmittal Report. Please make the necessary changes (add employment termination date information, name changes, etc.), make a photocopy for your records and return with your check and Payment Advice for the same amount as stated on the DCP Transmittal Report. An example of the DCP Transmittal Report you will receive prior to your payroll cutoff date is shown on pages 11-14 and 11-15. A description of the parts of the Transmittal Report is on pages 11-16 through 11-18. Procedures for completing the Transmittal Report are on page 11-10.

Failure to return the DCP Transmittal Report with your check and the Payment Advice form may result in delay of deferral investment.

For reporting procedure questions, please call DCP Accounting Services at (360) 664-7111 or toll free at 1-800-423-1524 and select option 6.

Transmittal Report Procedures (Paper Reporting)

The following pages describe some common procedures for DCP transmittal reporting using the “DCP Transmittal Report.” For additional details about these procedures or for information about procedures not covered on these pages, please contact DCP Accounting Services.

General Procedures

When working with this report:

- Check if the participant is still correct. If it is not, you need to correct it.
- Make changes or enter new information using red ink. Red ink is easier for DCP Accounting Services personnel to see and helps ensure that changes are entered correctly when your transmittal report is processed.
- Change data in the Participant Information section by crossing out the incorrect information. Using red ink, write the correct information next to the information you are changing.
- Adjust the page totals as necessary. After you have made your changes, adjust the system total.
- Review the contact information in the header. If your contact name or telephone number has changed, inform DRS by making the change in red ink on the transmittal form. Use the address change area of the banner page to notify DRS of changes in your transmittal report address and return the banner page with the transmittal.
- Make a copy of the transmittal report for your records and send with the Payment Advice and payment before, on or soon after each payday.

PROGRAM : P31ER124	Washington State Department of Retirement Systems		Page No: 1
Run Date : 09/02/01	DCP DEFERRAL AMOUNT CHANGE REPORT		Reporting Period: 09/2001
			Ver/Exp: 02 of 02
Reporting Group (Agency.)	899Z99	SOMEWHERE, CITY OF	System: D Plan: 1

Soc Sec Num =====	Participant =====	Effective Pay Date =====	Deferral Amount =====
221 31 8789	WELLINGTON, GEORGE	09/16/2001	\$200.00
201 56 8899	DEADWOOD, ROSE	09/16/2001	\$50.00
536 05 7776	JOHNSON, SAM	09/16/2001	\$0.00

Note: Participants on the Change Report will be on the Transmittal Report except for participants listed on the Change Report with a zero deferral amount.

WASHINGTON STATE DEPARTMENT OF RETIREMENT SYSTEMS

PO Box 48380 Olympia Washington 98504-8380

System **Deferred Compensation Program**

Employer Information

Report Group) Number: **899Z99**
Employer Organization Number: 9999

Make address
Changes here
and return to DRS

PAYROLL CONFIDENTIAL
SOMEWHERE CITY OF
123 MAIN ST
SOMEWHERE WA 9800-9090

DRS Address

- * Mail deferral transmittal, payment, and payment advice to:

Department of Retirement Systems
PO Box 9018
Olympia WA 98507-9018

Employers should review the Deferral Amount Change Report and input deferral changes each pay period. Employee name and address changes and termination dates must be reported on the Transmittal Report. Call DCP whenever you have a question on how to report participant information.

Please submit payment with the Payment Advice and Transmittal Report on or within two days of pay day to support timely investment of employee deferrals.

Questions?

- * For more information about transmittal reporting, see your DRS EMPLOYER HANDBOOK

- * For transmittal reporting questions call: DCP Accounting Service: (360) 664-7111
or our 800 Number: 1 (800) 423-1524

PROGRAM : P31ER124	Washington State Department of Retirement Systems		Page No: 1
Run Date : 09/02/01	DCP DEFERRAL AMOUNT CHANGE REPORT		Reporting Period: 09/2001
			Ver/Exp: 02 of 02
Reporting Group (Agency.)	899Z99	SOMEWHERE, CITY OF	System: D Plan: 1

<u>Soc Sec Num</u> =====	<u>Participant</u> =====	<u>Effective Pay Date</u> =====	<u>Deferral Amount</u> =====
221 31 8789	WELLINGTON, GEORGE	09/16/2001	\$200.00
202 56 8899	DEADWOOD, ROSE	09/16/2001	\$50.00
536 05 7776	JOHNSON, SAM	09/16/2001	\$0.00

**State of Washington
Department of Retirement Systems**

**Deferred Compensation Program
PAYMENT ADVICE**

Employer Name:	<i>SOMEWHERE CITY OF</i>
Reporting Group:	<i>899Z99</i>

Payment Number	Reporting Period	Version/Expected	Amount
<i>87231</i>	<i>09/2001</i>	<i>02 of 02</i>	<i>\$750.00</i>

System Total for This Page	<i>\$750.00</i>
-----------------------------------	-----------------

Mail this form and DCP Transmittal Report *with payment to:*

**Department of Retirement Systems
PO Box 9018
Olympia WA 98507-9018**

For DRS use only

DRS Receipt Number:

DRS – D – 127(6/00)

Washington State Department of Retirement Systems

DCP Transmittal Report

Report Group	Employer Name	Sys/Plan	Rpt Period	Ver/Exp	Prepared by	Phone	Page
899Z99	SOMEWHERE, CITY OF	D 1	09/2001	02 of 02	SUSAN SMITH	(360) 555-9999	1

Participant Information

						Deferral Amount	Employment Term Date
SSN: 431 85 4698	Name: ANDERSON, JAMES	Gender: M	Birth	04/16/1964		\$100.00	
Address: 123 WASHINGTON ST	OLYMPIA	WA	98506				
SSN: 550 87 9876	Name: BEMER, IONA	Gender: F	Birth	05/22/1959		\$100.00	
Address: 5426 FIRST AVE	OLYMPIA	WA	98506				
SSN: 201 56 8899	Name: DEADWOOD, ROSE	Gender: F	Birth	09/02/1970		\$50.00	
Address: 85 THIRD ST	TUMWATER	WA	98501				
SSN: 305 66 3232	Name: SMITH, BRIAN	Gender: M	Birth	12/10/1963		\$300.00	
Address: 2702 JAMISON RD	LACEY	WA	98513				
SSN: 221 31 8789	Name: WELLINGTON, GEORGE	Gender: M	Birth	02/26/1967		\$200.00	
Address: 6447 MAIN ST #23	TUMWATER	WA	98501				

Instructions:

1. Verify preprinted information.
2. To make necessary changes, cross out preprinted data and enter changes in the space provided.
3. Copy completed report for your records.

Page Total	\$750.00	Run Date
		09/02/01
	\$750.00	

Washington State Department of Retirement Systems

DCP Transmittal Report

Report Group	Employer Name	Sys/Plan	Rpt Period	Ver/Exp	Prepared by	Phone	Page
899Z99	SOMEWHERE, CITY OF	D 1	09/2001	02 of 02	SUSAN SMITH	(360) 555-9999	1

Participant Information

						Deferral Amount	Employment Term Date
SSN: 431 85 4698	Name: ANDERSON, JAMES	Gender: M	Birth 04/16/1964			\$100.00	
Address: 123 WASHINGTON ST	3254 Arlington Rd.	OLYMPIA	Lacey	WA	98506		
SSN: 550 87 9876	Name: BEMER, IONA	Gender: F	Birth 05/22/1959			\$100.00	
Address: 5426 FIRST AVE	OLYMPIA	WA	98506				
SSN: 201 56 8899	Name: DEADWOOD, ROSE	Gender: F	Birth 09/02/1970			\$50.00	
Address: 85 THIRD ST	TUMWATER	WA	98501				
SSN: 305 66 3232	Name: SMITH, BRIAN	Gender: M	Birth 12/10/1963			\$300.00	
Address: 2702 JAMISON RD	LACEY	WA	98513				07/15/2001
SSN: 221 31 8789	Name: WELLINGTON, GEORGE	Gender: M	Birth 02/26/1967			\$200.00	
Address: 6447 MAIN ST #23	TUMWATER	WA	98501				
SSN: 356 87 5245	Name:	Gender:	Birth 06/04/1974				
Address:						\$0.00	07/15/2001

Instructions:

1. Verify preprinted information.
2. To make necessary changes, cross out preprinted data and enter changes in the space provided.
3. Copy completed report for your records.

Page Total	\$750.00
	\$750.00

Run Date:

09/01/2001

DCP Transmittal Report Description

Required Information

Employers who report manually (with paper) use the “DCP Transmittal Report.” This report is organized into four distinct sections: header, participant information, deferral information and page and system totals. The following pages provide an explanation of each of these sections. See page 11—15 for an example.

Header Section

The header section is used to identify the reporting employer. This section contains the following fields:

Reporting Group Number

Each employer is assigned a unique number that identifies the employer and the system in which the employer participates. Reporting Group numbers range from three to six characters.

Employer Name

This field identifies the organization name of the reporting group, as it is stored in DRS’ database. Contact DCP Accounting Services if the name preprinted on the transmittal report should be changed.

System and Plan

This field identifies the Deferred Compensation Program and Plan, which is always “D 1.”

Reporting Period

This field identifies the month and year for which information is being reported. The reporting period is six characters formatted MM/YYYY. For example, a reporting period of October 2001 is entered: 10/2001.

The reporting period printed on the report cannot be changed. The report for a given reporting period will not be processed until the report for the preceding reporting period has been processed.

Version/Expected

This field identifies the Report Version Number and Expected Monthly Reports. “01 of 01” identifies an employer with only one payday per month. “01 of 02” or “02 of 02” identifies an employer with two pay days per month. Only two reports can be submitted in one month.

Prepared By

This field identifies the name of the individual responsible for preparing the report. Contact DCP Accounting Services if the name preprinted on the transmittal report should be changed.

Telephone

This field identifies the telephone number of the individual responsible for preparing the transmittal report. Contact DCP Accounting Services if the telephone number preprinted on the transmittal report should be changed.

Page

This field identifies the page number of the report. The last page of the report is used to record the page and system totals.

Participant Information

The Participant Information section is used to provide basic identifying information about each individual being reported. This section contains the following fields:

Social Security Number

This field identifies the participant’s Social Security Number.

Name

This field identifies the name of the participant and is listed as follows:

Last name—followed by a comma and one space

First name—followed by one space

Middle name or initial—*not* followed by any punctuation

Example: Rosalie Marie Hart is reported: Hart, Rosalie M.

Gender

This one-letter code identifies the gender of the participant you report. Valid codes are:

F	Female
M	Male

Birth

The birth date identifies the month, day, and year the individual was born. The birth date is eight characters, formatted MM/DD/YYYY. For example, March 3, 1951 is entered: 03/03/1951.

Address

This field identifies the participant's mailing address.

Deferral Information**Deferral Amount**

This field identifies the amount your employee has requested to be deducted from their check and deferred from federal income tax.

Employment Termination Date

Use this field to report a participant's employment termination date.

Page and System Totals

The Page and System Totals section is used to indicate the total deferral amount being reported. This section contains the following fields:

Page Total

This field is used to enter the total amount of deferrals per page.

System Total

This field is used to enter the total amount of deferrals. If multiple pages are used to report the deferrals, enter the system total on the last page of the report.

Chapter 12: Forms

Overview

The following are the forms used by DRS. Some of the forms include detailed instructions and other important information, so be sure to check for additional pages. You can also download these forms from the Employer Forms Archive at <http://www.drs.wa.gov/forms/frmz-emp.htm>

List of Employer Forms

All forms are in PDF format. You can view, print or complete the forms online. The forms must be printed and signed at your site. Unless otherwise indicated, mail the signed original to the address indicated below.

You must have [Adobe Acrobat Reader](#) 3.0 (or later) installed on your computer to utilize these forms. The Reader is free and can be downloaded at the Adobe Systems web site.

- [Authorization for Direct Deposit](#)—Use this form to have your retirement benefit deposited directly into your personal bank account.
- [Bank Account Authorization](#) — Employers use this form to authorized DRS to debit their bank account, per employer's electronic payment advice, for monies due DRS.
- [Beneficiary Designation](#)—This form is common to all systems and plans. It is used to document beneficiary information in case of death prior to retirement. As of December 2003, this form includes a section for the \$150,000 death benefit for PERS, SERS, TRS, LEOFF and WSPRS members, in case of death as a result of an injury sustained in the course of employment.
- [Change of Investment Program](#) – Plan 3 members use this form to select a new investment program for future contributions; this form should be turned in to the employer.
- [Credit Redistribution](#)—Use this form to redistribute previous retirement system payments.
- [Employee Authorization for ePayment](#) – This form allows employees to authorize DRS to debit their bank account, per the employer's electronic payment advice, for monies due to DRS.
- [Enrollment Form](#)— Use this form to enroll a LEOFF or WSPRS eligible member; a PERS elected official; a Governor appointed official; a city manager; or a chief administrative officer of a city, court, port district, or public utility district.

- [Final Compensation Report](#)—Use this form to provide information DRS needs to calculate the benefits for a retiring member of PERS Plan 1. A political subdivision also uses this form for a sick leave cashout at retirement.
- [Member Information Form](#) — Use this form to enroll new PERS, SERS or TRS members; for Plan 2 members who choose to transfer to Plan 3; or for Plan 3 members returning to eligible employment.
- [Payment Advice](#)—Use this form to report Plan 1 and Plan 2 payments to DRS.
- [Plan 3 Payment Advice](#)—Use this form to report payments for **Plan 3 only**.
- [Position Eligibility Worksheet](#)—Use this form as an aid in determining position eligibility.
- [Prelist Supplement Form](#)—Insert this form into the prelist where you need extra pages.
- [Proof of Earnable Compensation](#)—Use for TRS only to finalize the member's account for retirement.
- [Retirement Status](#) (required by RCW 41.50.139)—Reports if member has been a member or retired from a Washington State retirement system

Forms Not Available on the Web Site

- *DCP Payment Advice*—Use this form to report payments for **DCP only**.
- *Transmittal Correction Form* —Use this form to correct reporting errors from previous transmittals.
- *Verification of Employment Form*—This form is generated by DRS to verify an employee's salary and hours for a specified period.

Mailing Address for Completed Forms

Mail all completed forms (unless otherwise noted) to the address shown below:

Department of Retirement Systems
PO Box 48380
Olympia WA 98504-8380

Questions About Forms?

If you have questions about a form, please contact the DRS Central Reception Unit at 1-800-547-6657, who will direct your call to the appropriate person, or you may contact [Employer Support Services](#).

To Order Forms

For bulk quantities of forms, please e-mail DRS at drsforms@drs.wa.gov. Employers can also call the DRS forms line (360) 664-7066, or the DRS toll free number 1-800-547-6657.

Appendix A: DRS Telephone Numbers

Local telephone number _____ (360) 664-7000

Toll-free telephone number _____ 1-800-547-6657

(Available from 8 a.m. to 5 p.m. for long-distance callers.)

Telecommunications Device for the Deaf (TDD) _____ (360) 586-5450

(Deaf or hearing-impaired persons may send or receive telephone calls through special Teletypewriter equipment.)

Accounts Receivable Questions _____ (360) 664-7200

Deferred Compensation

Customer Line _____ (360) 664-7111

Toll-free telephone number(Voice/TT) _____ 1-800-423-1524

Employer Support Services

Employer Mainline _____ (360) 664-7200

Insurance (Health Care Authority) _____ 1-800-200-1004

Fax Numbers

Fiscal _____ (360) 586-1925

Deferred Compensation _____ (360) 586-5474

Employer Support Services _____ (360) 753-1090

LEOFF, TRS and CRU _____ (360) 753-3429

PERS/DDU _____ (360) 753-4790

Transmittal Processing _____ (360) 753-1090

Forms—Bulk Only—Employers and Members _____ (360) 664-7066

E-mail: _____ drsforms@drs.wa.gov

Retirement Planning Seminars and Workshops _____ 1-888-711-6676

Appendix B: DRS Glossary

Terms Used in Transmittal Reporting

Some of the terms used in retirement system law have varying definitions in different systems. This glossary provides general definitions that are applicable to all systems, with any exceptions noted. For specific legal definitions, see the Revised Code of Washington (RCW) and the Washington Administrative Code (WAC).

active member—In TRS Plan 1, means a member who has contributions within the system but who may or may not be currently reported. Whether or not a TRS member is active may affect an employer's reporting. For information, see Chapter 2: Membership.

annuity—A term used in PERS and TRS; means the money payable per year during the lifetime of a retired member by reason of the member's accumulated contributions.

arrears billing (AB)—An adjustment to a member's account for prior earning periods. (Effective January 1999, AB will no longer be used.)

Average Final Compensation (AFC)—A term used in PERS and TRS; means the average final compensation used to calculate a member's retirement benefit. For Plan 1, the AFC is calculated from the member's 24 consecutive highest-paid service credit months. For Plan 2, the AFC is calculated from a member's 60 consecutive highest-paid service credit months.

basic salary—A term used in LEOFF; means the same as *compensation*.

begin date—Identifies the date a member begins retirement-covered employment. Required on the monthly transmittal when an employee becomes eligible for retirement system membership or when a LEOFF member begins certain leaves lasting more than three days. For information, refer to Chapter 8: Transmittal Reporting.

billing month and year—The month and year in which a billing obligation was incurred. (For the CT billing, this is the same as the reporting period for the monthly transmittal report.) Payments are applied to the billing year and month entered on the Payment Advice form.

CT billing—The contribution transmittal billing (the bill created from the monthly transmittal report) is identified on the Statement of Account Activity with a CT.

calendar year—The time period beginning January 1 and ending December 31.

cashout code—A specific status code used on the monthly transmittal to report lump sum payments of leave cashouts. Cashout codes are used only for PERS Plan 1, TRS Plan 1 and WSPRS members. For information, refer to Chapter 8: Transmittal Reporting.

compensation—That portion of scheduled payment of salaries, wages, or benefits paid to a member that is reportable on the monthly transmittal report. Certain non-monetary benefits are defined as compensation in PERS Plan 1 and TRS Plan 1.

compensation earnable—A term used in PERS; means the same as *compensation*.

contributions—Any payment made to DRS by an employee or employer to one of the Washington State retirement systems. Except for a small percentage of employer contributions which pay for administrative expenses of the system, the contributions are deposited in a trust fund to pay for future retirement benefits.

contribution rate—The percentage rate of member compensation required to be contributed to a retirement system each month. Members pay a percentage of their compensation. In addition, employers pay contributions based on a percentage of each member's compensation. Contribution rates vary for the different systems and plans. For information, refer to Chapter 6: Contributions.

Credit Redistribution—A form used to correct or move outstanding items on the Statement of Account Activity. The Credit Redistribution form allows credits shown on the statement to be moved to a billing month, system, or plan in which there is a debit or balance due.

department number—Now referred to as reporting group number.

DRS—The Department of Retirement Systems. The Washington State agency that administers PERS, TRS, LEOFF, WSPRS, JRS and Judges Retirement Fund.

DRS Notices—Notices about specific areas of concern to employers, including rate changes, new legislation and policy and procedural changes.

defined benefit plan—A term used to describe retirement benefits for Washington State retirement systems. In a defined benefit plan, a vested member will receive a retirement benefit based on the accumulated service credit and average final compensation. The amount a member has contributed is not a factor in the calculation of the retirement benefit.

defined contribution—Plan 3 member contributions.

deferral—The amount of the DCP participant's compensation, upon which the participant and the employer shall mutually agree (prior to the date on which such compensation is earned), which will be deferred.

earnable compensation—A term used in TRS; means the same as *compensation*.

earning period—The calendar month and year in which an employee earns compensation. This may be different from the month in which the compensation was paid to the employee.

edit reports—See transmittal edit reports.

education employers—For the purpose of PERS service credit, includes school districts, higher education institutions, community and technical colleges, the State School for the Deaf, and the State School for the Blind. In addition, effective September 1, 1990, educational service districts are considered education employers.

elected or governor-appointed officials—For the purpose of determining participation in a Washington State retirement system, includes elected officials, direct appointees of the governor, appointees to fill vacant elective offices, and city managers or chief administrative officers.

eligible position - A term used in PERS Plan 1, PERS Plan 2, and TRS Plan 2 to define an employee's eligibility for membership. The definition of eligible position has been changed by law over the years and has been different for each system and plan. For information, refer to Chapter 2: Membership.

Employee's Permanent Record (EPR)—An obsolete DRS form. See *Enrollment Form*.

employer invoices—Billings or adjustments to correct employer contributions for taxed earning periods, or to correct employee and employer contributions for nontaxed earning periods.

end date—The date a member ends employment in a position eligible for retirement coverage. An end date is required to separate (or stop reporting) a member from the monthly transmittal or to report a LEOFF member ending certain leaves longer than three days. For information, refer to Chapter 8: Transmittal Reporting.

Enrollment Form—A form used to record a member's full name, birth date, gender, Social Security number, address, beneficiaries, employment information, and eligibility status. This form becomes a permanent part of the member's retirement file.

excess compensation - A portion of compensation used for benefit calculation for which the extra benefit derived must be paid for by the employer rather than by the retirement system.

Final Average Salary, or FAS—A term used in LEOFF; means the basic salary used to calculate a member's retirement allowance. For LEOFF Plan 2, the FAS is the monthly average of the member's 60 consecutive highest-paid service credit months. For LEOFF Plan 1, the FAS varies according to length of service and conditions of separation. For more information, members should refer to the *LEOFF Member Handbook*.

Final Compensation Report—A form which provides information needed to calculate benefits for retiring members of PERS Plan 1.

fiscal year—A term used in TRS Plan 1, means the period from July 1 through June 30 of the following year.

full time—For TRS Plan 1, means regular service for four-fifths or more of a school day or an assignment to duties which are the equivalent of four-fifths or more of a full time assignment.

full time employment—For LEOFF, usually means employment for 160 or more hours during a month. (Employers define what full time means. In the absence of any such definition, DRS considers full time employment for LEOFF members to be employment for 160 hours or more each month.)

fully compensated employment—For LEOFF, means employment which is paid at the rate regularly afforded an employee in that position.

inactive member—A term used in TRS Plan 1; means a person who is not currently being reported and who has withdrawn contributions.

ineligible position—A term used in PERS Plan 1, PERS Plan 2, and TRS Plan 2; means the position is not eligible for retirement coverage. For information, refer to Chapter 2: Membership.

invoice number—the unique 8-digit invoice number that appears on the invoice.

JRF— Judges' Retirement Fund.

JRS— Judicial Retirement System.

LEOFF—Law Enforcement Officers' and Fire Fighters' Retirement System.

LEOFF-covered employer—For LEOFF Plan 1, the legislative authority of any city, town, county, or district or the elected officials of any municipal corporation that employs any law enforcement officer or firefighter in the state of Washington. For LEOFF Plan 2, the legislative authority of any city, town, county, or district, or the elected officials of any municipal corporation, or the governing body of any other general authority law enforcement agency that employs any law enforcement officer or firefighter in the state of Washington.

member—Any employee enrolled in and contributing to a retirement system.

member invoice—Formal notification from DRS to a member of money due. Member invoices are mandatory member obligations such as arrears billings, refund overpayments, or pension overpayments. See also *optional bills*.

Minimum Medical and Health Standards (MMHS)—For LEOFF Plan 1 members, means the legislatively mandated medical and health standards which determine eligibility for coverage under the LEOFF retirement system.

monthly transmittal report—Monthly report submitted to DRS by each employer. Report contains compensation, contributions, and hours or days worked by each member. For information, refer to Chapter 8: Transmittal Reporting.

nontaxed (or tax-deferred) contributions—Employee retirement contributions for which federal income taxes have not been withheld. See also *taxed contributions*.

optional bills—An invoice which the member may pay if he or she wishes to obtain certain service credit. For example, optional bills may be issued to members who are restoring service credit or purchasing service credit for an authorized leave of absence.

organization number—Each employer has a unique organization number, which is inclusive of all reporting group numbers assigned to your organization.

partial service credit—Credit earned for working fewer than the number of hours required for a full month of service credit. This applies to PERS Plan 1, PERS Plan 2, and TRS Plan 2 members in eligible positions and to full time, fully-compensated LEOFF Plan 2 members. Effective with the September 1991 earning period, members can earn either $\frac{1}{4}$ or $\frac{1}{2}$ month of service credit.

participant—Any eligible employee who executes a participation agreement with DRS assenting to the provisions of the Deferred Compensation Program (DCP), once the agreement has been approved by DRS or its designee.

Payment Advice—A form used to tell DRS how to apply payments. The Payment Advice form must accompany all checks, warrants, journal vouchers (JV), or other payment documents mailed to DRS. The Payment Advice form must also be mailed in conjunction with some electronic fund transfers. For information, see Chapter 10: Account Activity.

PERS—Public Employees' Retirement System.

PERS education member—A PERS member employed by a school district, higher education institution, community or technical college, the State School for the Deaf, or the State School for the Blind. In addition, effective September 1, 1990, a member employed by an educational service district.

Plan 1/Plan 2/Plan 3—Terms used in PERS, TRS and LEOFF to define the provisions covering a member's rights to benefits in a retirement system.

Plan 1 refers to the funding and benefit provisions covering persons who first became members of a retirement system prior to October 1, 1977.

Plan 2 refers to the funding and benefit provisions covering persons who first became members of a retirement system on or after October 1, 1977.

Plan 3 refers to the funding and benefit provisions covering persons who first became members of a retirement system on or after July 1, 1996.

political subdivision—Any political entity other than a state agency, a higher education institution or a school district that participates in PERS.

prelist—A preprinted transmittal report which DRS provides to an employer who does not report by automated means. The employer verifies or corrects the report and resubmits the original copy to DRS. For information, refer to Chapter 8: Transmittal Reporting.

Reporting Group Number—A unique number assigned to an employer which identifies the retirement system in which the employer participates. For information, refer to Chapter 8: Transmittal Reporting.

restoration—The process of restoring a member's service credit for prior periods. A member who has left service and withdrawn contributions can, upon reestablishing membership, receive service credit for earlier service. The member must repay all withdrawn contributions plus interest accumulated since the time of withdrawal.

retiree—An individual who has terminated membership in a Washington State retirement system and is entitled to receive a retirement benefit or a lump-sum cashout.

retirement allowance—A term used in TRS Plan 1, means the benefit to which a TRS Plan 1 member is entitled. This allowance includes the member's pension benefit plus his or her annuity amount.

retirement benefit—The benefit to which a retired member is entitled based on the accumulated service credit and average final compensation. The amount a member has contributed is not a factor in the calculation of the retirement benefit. For information, see Chapter 3: Service Credit.

school day—The number of hours in a day that make up a complete day of work, as defined by the employer. In the absence of an employer definition, WAC defines the school day as seven hours long.

SERS—School Employees' Retirement System

school year—For the purpose of calculating service credit for TRS Plan 2 and Plan 3 and PERS Plan 1 and Plan 2 education members, means the period from September 1 through August 31 of the following year.

separated—No longer employed in a retirement-covered position.

separation date—See *end date*.

service—The number of hours or days for which an employee receives compensation. Service is reported in days for TRS Plan 1 members and in hours for members of all other systems and plans.

service credit—Months or years of employment credited toward an eventual retirement benefit.

Statement of Account Activity (formerly Accounts Receivable Statement)—Statement issued to employers once each month, providing a summary of all payment and billing activity in the employer's account.

status code—A one-character code which identifies the status of compensation, contributions, and/or service reported on the monthly transmittal. For information, refer to Chapter 8: Transmittal Reporting.

summary page—For employers who report by prelist, the summary page is the last page of the preprinted monthly transmittal report. Employers who report by automated means must send a single summary page of information to accompany the tape or diskette sent to DRS. For information, refer to Chapter 8: Transmittal Reporting.

TRS—Teachers' Retirement System.

tax-deferred (or non-taxed) contributions—Contributions on which taxes have not yet been paid. See also *taxed contributions*.

taxed contributions—Contributions for which federal income taxes have been withheld. All contributions for earning periods prior to September 1984 are taxed. See also *nontaxed contributions*.

teacher—Any individual qualified to teach who is engaged by a public school or an institution of the state of Washington in an instructional, administrative or supervisory capacity. Among other requirements, an individual must meet this definition to be eligible for membership in TRS. For information, see Chapter 2: Membership.

transmittal edit reports—The DRS transmittal system uses a single edit report to provide information to you about your reporting. The edit report lets you know if information has not been reported, if information has been reported incorrectly, or if information you have reported has been rejected.

type code—A two-digit code used on the monthly transmittal report to identify the type of employer or type of job an employee performs. For information, refer to Chapter 4: Transmittal Reporting.

vested member—An individual who has established five years or more of service credit within a retirement system and has not withdrawn contributions. A vested member is eligible to receive a retirement allowance when qualified for retirement.

WSPRS—The Washington State Patrol Retirement System.

INDEX

A

Accounts Activity Process	10—4
Appendix A	A—1
Appendix B	B—1
Appendix C	C—1

B

Benefit Record	8—37
----------------------	------

C

Chapter 1: Overview	1—1
Chapter 2: Membership	2—1
Chapter 3: Service Credit	3—1
Chapter 4: Reportable Compensation	4—1
Chapter 5: Special Conditions	5—1
Chapter 6: Contributions	6—1
Chapter 7: Transmittal Codes	7—1
Chapter 8: Transmittal Reporting	8—1
Chapter 9: Transmittal Edit Reports	9—1
Chapter 10: Account Activity	10—1
Chapter 11: Deferred Compensation	11—1
Chapter 12: Forms	12—1
Chapter 13: References	13—1
Chapter 14: DRS Notices	14—1
Choose From Three Data Format Options	8—38
Choose From Two Reporting Media Options	8—38
Codes for Current Reporting	7—3
Codes for Reporting Cash Outs	7—13
Codes Used for Prior Periods	7—16
Color-Coding	1—2
Contribution Rate Tables	6—13
Contributions and Federal Income Tax	6—6
Corrections on your Transmittal Report	8—7
Corrections using the Transmittal Corrections Form	8—10
Creating an ASCII Format Report Using a Spreadsheet	8—39
Creation	1—7

D

Deferrals from Annual and/or Sick Leave Cash-Out Payments	11—4
Defined Benefit Record	8—30
Defined Contribution Record	8—31
Definition of a Substitute Teacher	5—23
Definitions	2—17 PERS
Determining the Reporting Method	5—24
DRS Transmittal System Edits by Field	8—65

E

Edit Requirements by Field	8—65
----------------------------------	------

Electronic Reporting Choices	8—38
Employment Information Record	8—29
Employer Invoices	10—27
Employer Participation in DCP	11—1
Employing Retirees	5—3
Establishing Service Credit for Periods of Unpaid Leave	4—9 PERS
Evaluating Membership	2—3
Examples of Statements of Account Activity	10—19
Exceptions for Periods Prior to September 1, 1990	3—6 PERS ED
Excess Compensation	4—10 PERS
Excess Compensation Benefit Invoice	10—30
Exemptions for Persons Employed in PERS	2—9 PERS

F

Field Descriptions	8—53
Forms Available on the Web site	12—1

G

General Information Regarding RMS	10—1
General Invoice Information	10—10

H

How is Service Credit Earned	3—3
How the Quarterly Report is Used	5—28

I

Important Dates	1—8
Information Displayed on Your Statement	10—8
Invoice Types	10—10

J

Judges' Retirement Fund	3—1 JUDICIAL
Judges= Retirement Fund (JRF)	1—6
Judicial Retirement System	3—1 JUDICIAL
Judicial Retirement System (JRS)	1—6

L

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF)	1—5
LEOFF Codes	7—24
LEOFF Plan 1 and Plan 2 Membership Rules	2—2 LEOFF
LEOFF Reportable Compensation	4—1 LEOFF
LEOFF Service Credit	3—1 LEOFF

M

Mailing Completed Forms	12—2
Making Corrections to the Transmittal Report	8—7
Manual (Paper) Reporting	8—85

INDEX (continued)

Membership and the Employee2—2
 Membership and the Employer.....2—2
 Membership for Retirees—A Summary Chart
5—13
 Membership in Another Retirement System May
 Exempt a Person from PERS..... 2—11 PERS
 Member Profile Record8—28
 Membership Rules.....2—1 JRS-WSPRS
 Membership Rules for Prior Periods
2—19 PERS
 Multiple Record Layout.....8—24
 Multiple Record Layout Automated Reporting
8—13

N

Name/Address Changes for DCP Quarterly
 Statements.....11—7
 Need Additional Forms?.....12—3
 Need Help?5—2
 Nonmoney Maintenance Compensation.....
4—8 TRS
 Nonmoney Maintenance Compensation—PERS
 Plan 14—9 PERS
 Nontaxed Contributions and Employers.....6—3
 Nontaxed Contributions and Members6—5

O

Optional Service Credit 3—2 LEOFF,
3—1 WSPRS
 Organization1—1
 Other examples of forms not presently on the
 Web site1—2
 Overview1—1

P

Payments Not Considered Reportable
 Compensation 4—7 PERS
 PERS Codes.....7—23
 PERS Education Service Credit..3—1 PERS ED
 PERS Membership2—1 PERS
 PERS Plan 1 and Plan 2 Membership Rules
2—2 PERS
 PERS Reportable Compensation4—1 PERS
 PERS Service Credit.....3—1 PERS
 Plan 3 Transfer Record.....8—32
 Personal Services Contracts.....5—12
 Political Subdivision Reporting.....11—5
 Procedures for Multiple Record Layout
 Reporting8—13
 Procedures for Manual (Paper) Reporting ..8—85
 Procedures for Reporting and Paying
 Contributions6—7
 Procedures for Reporting Deferred Payments
5—15

Procedures for SRL Reporting..... 8—19
 Procedures for Working with the Statement
10—12
 Public Employees' Retirement System (PERS)
1—4
 Purchasing Optional Service Credit....3—4 TRS

Q

Quarterly Report 5—25
 Quarterly Reporting to Substitute Teachers
5—23
 Questions Regarding Forms?12—3

R

Record Structure of the Multiple Record Layout
8—26
 Record Structure of the Single Record Layout
8—35
 Regular Transmittal Reporting8—17
 Reportable Compensation.....6—3
 Reportable Compensation Table.....
4—11 PERS, 4—10 TRS, 4—12 LEOFF
 Reporting a Member Transferring to Plan 3
8—17
 Reporting by Diskette8—43
 Reporting by Prelist*See Manual Reporting*
 Reporting Deferred Payments.....5—15
 Reporting in Higher Education5—27
 Reporting to DRS8—1
 Reporting via Dataset8—50
 Reporting Via FTP.....8—47
 Retirees in JRS-Covered Positions5—11
 Retirees in LEOFF-Covered Positions.....5—9
 Retirees in PERS-Covered Positions5—5
 Retirees in TRS-Covered Positions5—7
 Retirement Contributions.....6—2
 Retirement Options for PERS or TRS Members
5—28

S

Service and Disability Retirees.....5—5
 Service Credit and Contributions ...3—7 PERS,
 3—3 TRS, 3—1 LEOFF
 Service Credit Rules3—1 PERS ED/TRS
 Service Credit Rules (except for Elected
 Officials).....3—1 PERS
 Service Credit Rules for Elected Officials
3—3 PERS
 Single Record Layout8—33
 Single Record Layout Automated Reporting.....
8—19
 Special Conditions in Reporting.....5—1
 Status Codes7—3
 Status Codes—A Summary Chart7—19
 Summary Record Layout8—27, 8—36

INDEX (continued)

T

Teachers' Retirement System (TRS).....	1—4
Technical Requirements	8—23
Transmittal Codes	7—1
Transmittal Deficiency Invoice	10—32
TRS Codes	7—24
TRS Membership	2—1, 2—2, 2—15
TRS Plan 1 Membership Rules	2—4
TRS Reportable Compensation	4—1
TRS Service Credit.....	3—1
Type Code Definitions	7—23
Type Codes.....	7—23

U

Understanding How DRS Edits Transmittal Data	9—1
Using Cash Out Codes	7—11
Using Status Codes.....	7—3
Using the Transmittal Correction Report ...	9—12
Using the Transmittal Edit Report.....	9—4

W

Washington State Patrol Retirement System (WSPRS)	1—6
Washington State Retirement Systems.....	1—3
What is Reportable Compensation?	
.....	4—1
What is Service Credit.....	3—1
What the Quarterly Report Should Look Like.....	
.....	5—26
What to Include on the Quarterly Report ...	5—25
When to Provide the Quarterly Report	5—26
WSPRS Membership.....	2—1
WSPRS Retirees or Retirees in WSPRS-Covered Positions	5—10
WSPRS Service Credit.....	3—1
WSPRS/JRS Codes	7—24

Y

Your Statement of Account Activity	10—7
--	------